Understanding Benefit Terminology

Here are some commonly used terms and definitions to help you understand your coverage. Additional definitions can be found in the Certificates of Coverage found on the Benefits web page: http://www.hrs.iastate.edu/hrs/benefits.

**COBRA:** The Consolidated Omnibus Budget Reconciliation Act allows you and/or covered dependents to extend health, dental and/or vision coverage beyond the date on which eligibility would normally end. You pay the full premiums plus a 2% administrative fee for this extended coverage.

**Co-insurance:** The cost of a health or dental expense that is shared between you and the plan after you pay your deductible. For example the ISU plan’s share most expenses is 90% and your share (co-insurance amount) is 20%.

**Co-payment:** A set dollar amount you pay toward an expense, such as an office visit or prescription drug. The remaining cost is covered by the plan.

**Deductible:** The amount of money you must pay toward health, dental or vision expenses for each family member each year before health, dental or vision benefits are reimbursable in most cases. After you have paid your deductible, future expenses are covered at the coinsurance amount. Copayments, may or may not, count toward the deductible, depending on your chosen plan.

**Nonparticipating Provider:** A facility or practitioner that does not participate with a Blue Cross or Blue Shield Plan.

**Participating Provider:** A facility or practitioner that participates with Blue Cross or Blue Shield Plan but not with a preferred provider program.

**Medically Urgent Situation:** A situation where a longer, non-urgent response time to a pre-service notification could seriously jeopardize the life or health of the benefits plan member seeking services or, in the option of a physician with knowledge of the member’s medical condition, would subject the member to severe pain that cannot be managed without the services in question.

**Brand name Medication:** are drugs that are patented, manufactured and distributed by only one pharmaceutical manufacturer.

**Non-Preferred or Non-Formulary Drugs:** are brand name medications that are not on the Preferred List because they are less expensive and effective alternatives are available. Non-Preferred medications require a higher copayment.
Generic Medication: are drugs that are manufactured, distributed and available under a chemical name without patent protection. A generic drug must have the same active ingredients as its brand name counterpart. Generic drugs typically cost less than brand name drugs.