



# Taking the Confusion Out of Copays and Coinsurance

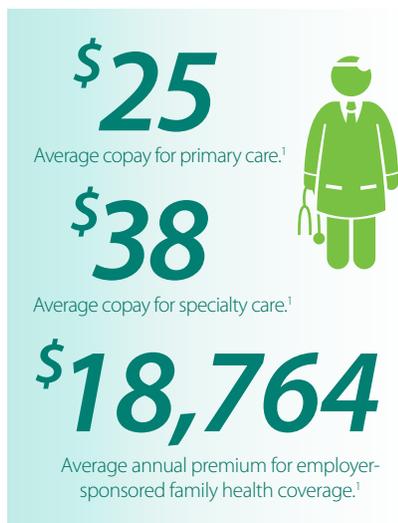
**M**any health insurance plans require you to pay a *copay and/or coinsurance* when you receive healthcare services, including doctor's office visits, hospital visits and prescriptions. These payments are necessary until you reach your *out-of-pocket maximum*, but how they work with your *annual deductible* is different.

Learning the differences between these expenses can help you understand your total annual healthcare costs, above and beyond your monthly insurance premiums.

## **Copay:** A fixed cost you must pay for healthcare services and prescriptions.

Under many health insurance plans, you'll have to pay a copay every time you need to access care. The copay can vary in price based on the type of healthcare service or facility. For example, the copay cost for a doctor's visit is likely to be less than a trip to the emergency room.

**Note:** In most cases, copay expenses do not go toward your annual deductible, but may be applied to the out-of-pocket maximum for your plan year.



### How do copays work? Think of it like this:

- It's flu season and one week after another, someone in your family gets sick.
- You pay a copay of \$25 at the time of service each time you or a family member see the doctor.
- During the same time period, your son breaks his wrist and you pay an emergency room copay of \$250. This is paid at the time of service, or included in an invoice after you receive care.
- All of these copays are applied to your out-of-pocket maximum for your plan year, but don't contribute to meeting your annual deductible.

## **Coinsurance:** The percentage you pay for covered health services after meeting your deductible.

Some health insurance plans also include coinsurance, which is the percentage you and your insurance provider share to pay for the cost of care.

**Note:** If your plan includes it, you must pay your assigned coinsurance percentage of the total cost, after you've paid out-of-pocket to meet your annual deductible. This only applies until you reach the out-of-pocket maximum for your plan year.



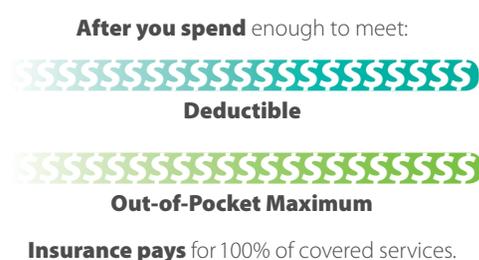
### How does coinsurance work? Think of it like this:

- Your knee surgery will cost \$20,000. Your health insurance plan includes a \$2,000 annual deductible, 20% coinsurance and an out-of-pocket maximum of \$4,000.
- You pay the first \$2,000 of covered medical expenses (your deductible) out-of-pocket, and 20% coinsurance on the remaining cost (\$18,000), or \$3,600. The total cost for your knee surgery is \$5,600.
- However, because your out-of-pocket maximum is \$4,000, and you've already paid \$2,000 toward it with your deductible, you only pay \$2,000 of the remaining \$3,600.
- Now that you've met your out-of-pocket maximum, your insurance company pays the remaining \$1,600 for your surgery, as well as all future services during the plan year.

## **Out-of-Pocket Maximum Limit:** The most you have to pay for covered services in a plan year.

After you spend this amount on deductibles, copays and/or coinsurance, your health insurance plan pays 100% of the cost of covered benefits. This limit doesn't include your monthly premiums or anything you pay for services not covered by your plan.

**Note:** For the 2018 plan year, the out-of-pocket maximum for an individual marketplace plan is \$7,350 and \$14,700 for a family plan.<sup>2</sup>



## There's an easy way to fit out-of-pocket healthcare costs into your budget.

As you manage the cost of healthcare, you may be looking for a way to pay for care. Many providers offer payment options, like the CareCredit credit card, that can help you manage your out-of-pocket deductible, copay and coinsurance expenses. Plus, CareCredit's special financing options give you a way to pay over time with convenient monthly payments.\* It's a budget-friendly solution that can help you pay for the care you and your family need.

<sup>1</sup>Kaiser Family Foundation 2017 Employer Health Benefits Survey.

<sup>2</sup>Out-of-Pocket Maximum Limit. U.S. Centers for Medicare and Medicaid Services. <https://www.healthcare.gov/glossary/out-of-pocket-maximum-limit/>

\*Subject to credit approval. Minimum monthly payments required. See carecredit.com for details.

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