GLOSSARY OF TERMS AND COMMON ACRONYMS

**Annual Deductible** – The initial amount of medical or hospital expenses you must pay before the Plan starts paying benefits

- **Single Deductible** – The amount that each covered person must pay during a calendar year before the plan begins paying benefits for that person.

- **Family Deductible** – The maximum amount that two (2) or more family members covered under the plan must pay in a calendar year. Once this cumulative family deductible is reached, the deductible will be considered satisfied for all family members covered under the plan for the remainder of the calendar year.

**Out-of-Pocket Max** – The maximum dollar amount that you will have to pay for covered medical expenses during the plan year after which the plan pays 100% of allowable charges.

**Co-Insurance** – A percentage of the eligible expenses that you are responsible for paying the hospital or other provider/facility after meeting your annual deductible.

**Co-pay** – A fixed dollar amount that you pay when you use services, such as doctor visits and prescriptions.

**Self-Insured Health Plan** – A self-insured group health plan (or a 'self-funded' plan) is one in which the employer assumes the financial risk for providing health care benefits to its employees. Self-insured employers pay for medical expenses on behalf of its employees as they are incurred instead of paying a fixed premium to an insurance company, which is known as a fully-insured plan. WKU, as a self-insured employer, sets up a special health plan fund to earmark money (university and employee contributions) which is used to pay claims.

**TPA (Third Party Administrator)** - An organization that processes insurance claims or certain aspects of employee benefit plans for a separate entity. Anthem functions as WKU’s TPA and handles the claims processing. WKU acts as the insurance company and underwrites the risk. The risk of loss remains with WKU, and not with Anthem.

**PPO (Preferred Provider Organization)** - A type of health plan that contracts with medical providers, such as hospitals and doctors, to create a network of participating providers. Plan participants pay less when using providers that belong to the plan’s network. You can use doctors, hospitals, and providers outside of the network for an additional cost. WKU uses the Anthem BCBS PPO Network.
**EPO (Exclusive Provider Organization)** - A type of health plan where services are covered only if you go to doctors, specialists, or hospitals in the plan’s network (except in an emergency). Services are not covered by the plan if you go outside the network.

**HDHP (High Deductible Health Plan)** - A plan that features higher deductibles than traditional insurance plans. With the exception of preventive care, you must meet the annual deductible before the plan pays benefits. In-network preventive care services are covered at 100% and are not subject to the deductible. High deductible health plans (HDHPs) can be combined with a HSA (health savings account) or a HRA (health reimbursement arrangement) to allow you to pay for qualified out-of-pocket medical expenses on a pre-tax basis.

**HSA (Health Savings Account)** – HSA’s must be paired with a high-deductible health insurance plan. The HSA allows you to save tax-free dollars to pay for IRS-qualified medical expenses the HDHP doesn't cover, including out-of-pocket costs, such as deductibles and coinsurance. The employer, the employee, or both may fund the account. HSA’s are owned by the employee and are fully portable, and all remaining balances roll over from year to year. The maximum annual contribution level for 2015 is $3,350 (single)/$6,650 (family).

**HRA (Health Reimbursement Arrangement)** – Much like an HSA, HRA’s are commonly paired with high-deductible health insurance plans. Similar to a HSA, a HRA can be used to pay for IRS-qualified medical expenses the health plan doesn't cover, including out-of-pocket costs, such as deductibles and coinsurance. However, the main difference is the HRA is employer-funded, is owned by the employer, and is not portable. With a HRA, unused funds may be carried over from year to year, but the employer has discretion over how unused funds are managed. The maximum annual contribution level is set by the employer.

**FSA (Flexible Spending Account)** - Similar to a HSA and HRA, a FSA can be used to pay for IRS-qualified medical expenses the health plan doesn't cover, including out-of-pocket costs, such as deductibles and coinsurance. A FSA can be both employee and employer-funded, is owned by the employer, and is not portable. With a FSA, a maximum amount of $500 in unspent funds may be carried over the next plan year. The maximum annual contribution level for 2015 is $2,500.