

# Personalized Therapy, LLC

Occupational & Physical Therapy for Children & Adults

## Co-Payment Versus Co-Insurance What's In Your Pocket?

Knowing what your insurance benefits are gives you the upper hand in what your out of pocket medical costs will be and how to budget accordingly. In a lot of cases many people are not aware of their coverage outside their primary care provider or specialist's office. Hidden in the many pages of the booklets you receive detailing your medical coverage is documentation which spells out exactly what coverage you have and what your cost will be after your insurance company pays.

Additional confusion comes with the terms co-payment or co-insurance. What exactly is the difference and how does this affect the patient? Below are definitions for both terms as well as that mysterious word "deductible".

**Co-Insurance (coinsurance)** - A cost-sharing requirement under a health insurance policy that provides that the insured will assume a portion or percentage of the costs of covered services. Health care cost which the covered person is responsible for paying, according to a fixed percentage or amount. A policy provision frequently found in major medical insurance policies under which the insured individual and the insurer share hospital and medical expenses according to a specified ratio. A type of cost sharing where the insured party and insurer share payment of the approved charge for covered services in a specified ratio after payment of the deductible. Under Medicare Part B, the beneficiary pays coinsurance of 20 percent of allowed charges. Many HMOs provide 100% insurance (no coinsurance) for preventive care or routine care provided "in network".

**Co-Payment, Copayment** - A cost-sharing arrangement in which the HMO enrollee pays a specified flat amount for a specific service (such as \$10 for an office visit or \$5 for each prescription drug). The amount paid must be nominal to avoid becoming a barrier to care. It does not vary with the cost of the service, unlike co-insurance that is based on some percentage of cost.

**Deductibles** - Amounts required to be paid by the insured under a health insurance contract, before benefits become payable. Usually expressed in terms of an "annual" amount.

Based on your benefit plan, a deductible may apply to all services obtained or to only a portion of the benefits you have such as physical therapy, home health services, durable medical equipment, etc. With the high cost of medical care, insurers are looking for ways in which to reduce their costs, which in turn adds to the cost for the patient. This has been seen in the higher cost for premiums paid by the enrollee.

If a deductible applies to your coverage for rehabilitation therapy, this portion will be processed first and is the **patient's responsibility**. As an example, if you have a \$250.00 deductible, your insurance company will apply the allowed amount of charges (the contracted rate between the provider of services and the insurer) to the

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patient's liability. Once the deductible amount has been met, the patient's responsibility will then revert to either their co-payment or co-insurance percentage.

It is much easier to understand the co-payment concept knowing that for each visit you will have a set amount to pay the provider. Co-insurance on the other hand can be a little more difficult to understand. Many insurance plans vary the co-insurance amount from ten percent to sometimes as high as thirty percent. So depending on the services provided and the allowed amount, the patient's liability will vary.

When a patient is seen at Personalized Therapy LLC and it is determined that a co-insurance applies to their coverage, we ask for a specific amount varying from \$5.00 to \$20.00 based on the percent of the co-insurance at the time of each visit. What we are trying to accomplish for the patient is to lessen the total amount due at the completion of treatment and once all claims for services have been processed.

Although verification of benefits is obtained for each patient at the time of your visit, it is the patient's responsibility to know their benefits as well. Doing so helps prevent confusion and aggravation over a bill you did not expect.

Personalized Therapy LLC is always available to discuss any questions you may have.