

Appendix II: Definitions and Illustrations of Key Health Insurance Terms⁹³²

BALANCE BILL	Requires plan participants to pay the difference between the actual cost of a medical procedure and the “Maximum Allowable Charge” for that procedure. <i>(See Maximum Allowable Charge, below.)</i>
COINSURANCE	The pre-determined percentage of covered medical expenses, usually between 20% and 50%, that plan participants must pay once the annual deductible has been met. Coinsurance payments are subject to annual caps, which vary by plan. <i>(See coinsurance maximum, below.)</i>
COINSURANCE MAXIMUM	The maximum amount of coinsurance that plan participants must pay in a year before the plan will pay 100% of all covered expenses for the remainder of that year. Coinsurance expenses incurred while using out-of-network doctors do not count towards the coinsurance maximum.
CO-PAY	The pre-determined amount that plan participants must pay for a medical expense, usually due at the time of service.
COVERED EXPENSES	Defined by Wal-Mart as “[c]harges for services and supplies that are: (1) Medically Necessary, (2) not in excess of Usual, Customary, and Reasonable and Maximum Allowable Charge, (3) not excluded under the Plan, and (4) not otherwise in excess of Plan limits.”
DEDUCTIBLE	A set amount of medical costs that plan participants are generally required to pay in full each year before the plan starts paying a portion of healthcare expenses.
MAXIMUM ALLOWABLE CHARGE (MAC)	The amount of money, generally negotiated between the plan and the healthcare provider, that the plan pays to the provider for services rendered in a given geographic area.
OUT-OF-POCKET MAXIMUM	The maximum amount of money plan participants will pay out of pocket in a year before the plan will pay 100% of all covered expenses for the remainder of that year. Deductibles, co-pays, and coinsurance for in-network covered expenses count towards the out-of-pocket maximum; monthly premiums do not.
PER EVENT DEDUCTIBLES	A pre-determined amount that plan participants must pay each time certain medical events occur, regardless of whether the annual deductible has been met.
PREMIUM	The set amount that plan participants must pay each month for healthcare coverage.

WHAT A WAL-MART WORKER COVERED BY THE STANDARD PLAN COULD PAY FOR ONE MEDICAL PROCEDURE:

MEDICAL PROCEDURE.....\$200

MAXIMUM ALLOWABLE CHARGE.....\$100

PLAN PAYS 80% OF THE MAC..\$80

PLAN PARTICIPANT PAYS COINSURANCE, 20% OF THE MAC.....\$20

PROVIDER CAN BALANCE BILL THE PARTICIPANT.....\$100

TOTAL COST TO THE PARTICIPANT.....\$120

⁹³² Wal-Mart Stores, Inc., “My Benefits: Your 2007 Associate Benefits Book—Summary Plan Description,” January 1, 2007, pp.30-31; Wal-Mart Stores, Inc., “2006 Associate Benefits Book: Summary Plan Description,” January 1, 2006, p. 24; US DOL, BLS, “Definitions of Health Insurance Terms,” February 2002, <http://www.bls.gov/ncs/ebs/sp/healthterms.pdf> (accessed December 4, 2006), pp. 1-2, 6.