Terms & Definitions

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Disease Management: A coordinated system of integrated preventive, diagnostic and therapeutic measures to provide long-term, continuing care for patients who have, or are at risk of developing, a specific chronic illness or medical condition such as diabetes or asthma. It is intended to promote patient self-management, improve patient health status and therefore, decrease medical costs.

Division/Branch: An independent entity responsible for specified product lines or services. Divisions/ Branches are accountable to Corporate or Group-level management.

Elder Care Benefits: Programs and services available to employees providing care for aging parents.

Employee Only Coverage: Insurance that provides benefits to individual employees (does not include any dependents of the employee).

Employee + Children Coverage: Insurance that provides benefits to the employee plus dependent children.

Employee + Family Coverage: Insurance that provides benefits to both the employee and eligible dependents.

Employee + One Coverage: Insurance that provides benefits to the employee plus one other eligible person.

Employee + Spouse Coverage: Insurance that provides benefits to the employee plus their spouse.

Flexible Benefit (Cafeteria) Program: A program in which employees have a choice of how their benefit dollars are distributed among company sponsored programs. Normally includes health, life, disability and other insurance.

Flexible Spending Account: A reimbursement account to which employees contribute pre-tax dollars for payment of health and/or dependent care expenses. Accounts are subject to maximums and forfeitures of unused monies.

Floating Holidays: Paid holidays taken at a time selected by the employee, with supervisory approval. Some organizations make floating holidays available for birthdays, anniversaries, religious events, or holidays important to the employee.

Flu Shots/Immunizations: Flu shots are offered free of charge for employees. Some programs also include employee's covered family members as well. Immunizations for family members are covered for free or at a reduced cost.

401(k) Employee Savings Only: Participants save without the benefit of an employer contribution. The distinction of this plan is that their savings are made on a pre-tax basis. That is, the money is contributed to their account before taxes are paid on the money. They are not taxed on the contributions until it is withdrawn from the account.

401(k) With Employer Contribution: A retirement savings account in which employees contribute on a pre-tax basis and the employer contributes as well. Employer contributions may be a flat percentage of employee pay, but are usually related to the employee's contribution. The employer's contribution is usually, but not always, in the form of a match on employee contributions.

403(b) (Tax Sheltered Savings) Employee Savings Only: Similar to 401(k) plans, but are available only to certain not-for-profit organizations. Participants contribute on a pre-tax basis.

Annual Deductible: The amount of covered medical expenses that must be incurred and the cost assumed by the insured before the insurer pays for any covered health benefits. Family deductibles are generally the individual deductible per covered person, but are capped at the number of individuals to whom the single amount must apply. For example, the individual or per person deductible may be $250, but the family deductible is $750 - this means only 3 family members must meet the individual deductible.

Annual Physicals: Annual physicals are offered free of charge or at a reduced cost to promote disease prevention and early detection.

Biometric Screening: It typically includes measurement of blood pressure, body mass index (BMI), cholesterol, and blood glucose.

Co-Insurance: The amount of expense the covered party pays after the annual deductible has been met. After the deductible has been satisfied, the insurer and insured usually share expenses according to a specific formula. For example, insurance covers 80% of the covered medical expenses while the insured pays the remaining 20%. Note: co-insurance is not the deductible nor is it the premium cost for the employee.

Company Match: The amount the company contributes to an employee retirement plan. The company may base the contribution on the amount of employee contribution, employee salary level or a flat amount for each participant.

Consumer-Driven Health Plan: Usually consists of a high deductible health plan combined with one of two tax-advantaged spending accounts. The spending accounts can be Health Savings Accounts or Health Reimbursement Accounts. Plan members use their account funds to pay for medical care, including prescription and non-prescription medications. When the account funds are depleted, participants pay for medical expenses out-of-pocket until the high deductible has been met. Once the deductible has been satisfied, the health plan functions like a traditional major medical plan.

Coordination of Benefits: A contract requiring benefit payments be coordinated with any other plans covering the insured person. Coordinating benefit payments seeks to eliminate the overpayment for medical services by eliminating the duplication of benefits.

Co-Pay: The fixed fee required by the health insurer to be paid by the insured at the time of each office visit/covered service.

Corporate/Parent/Single Unit Organization: The highest level of management of a business entity that is usually made up of multiple Groups or Subsidiaries.

Defined Benefit Plan: A plan in which an employer provides “determinable” or defined retirement benefits. The benefit payable at retirement age is generally calculated based on the participant’s earnings history and/or years of service with the company.

Defined Contribution Plan: Under this approach, the employer makes a contribution to an employee’s account, and that amount accumulates over time to provide whatever amount of benefit it can purchase. The amount in the account is not defined, but rather will vary depending on level of contribution, length of time of accumulation and extent of investment gains or losses. Examples are: 401(k) plans, 403(b) plans, etc.

Dependent Life Insurance: Life insurance that provides a benefit to the employee in the event of the death of a dependent.

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403(b) (Tax Sheltered Savings) With Employer Contribution: Similar to 401(k) plans, but are available only to certain not-for-profit organizations. Both the employee and employer contribute to the employee's account. Employer contributions may be a flat percentage of employee pay, but are usually related to the employee's contribution.

457(b) Plan Employee Savings Only (Tax Sheltered Savings): This plan is similar to the 401(k) plan, but is available only to public employees. Participating employees contribute to the plan on a pre-tax basis.

457(b) Plan with Employer Contribution (Tax Sheltered Savings): This plan is similar to the 401(k) plan, but is available only to public employees. An employer makes a contribution to an employee account in addition to the employees contributing on their own. The employer contribution may be a flat percent of employee base pay, but it usually is tied to the employee's contribution.

457(f): This plan is a non-qualified deferred compensation arrangement (a non-qualified retirement plan) that provides certain tax-exempt employers with an opportunity to supplement the retirement income of highly-compensated employees. Within such an arrangement, employers can contribute to this plan, and all the contributions become vested at an agreed upon time in the future (typically at retirement).

Full-Time Equivalent Units (FTEs): The total number of hours worked by employees divided by the number of full-time hours in the employer's standard work year.

Gross Annual Revenue: All receipts from the sale of a product or service before anything is deducted.

Group/Subsidiary: An independent entity reporting to Corporate. Groups/Subsidiaries consist of multiple product divisions or profit centers.

Health Reimbursement Account (HRA): Health Reimbursement Accounts are used to pay for qualified medical expenses and may be used to reimburse employees for the purchase of health insurance. HRAs are not required to be pre-funded, vested or linked to a high deductible health plan (HDHP). Contributions can only be made by the employer and unused account funds can be transferred for use the next year. HRAs are wholly owned by the employer and are not portable.

Health Risk Assessment: Individuals complete a questionnaire covering lifestyle and health issues. Results indicate areas where health may be at risk and suggestions for healthier living.

Health Savings Account (HSA): Accounts created to benefit an individual covered under a High Deductible Health Insurance Plan. They can be used to pay medical expenses not covered by insurance. Contributions to the plan are deductible from an account holder's federal income tax and, where permitted, from state income tax. In general, the employer or the employee may make contributions. Amounts not used may be carried forward, and the account is portable.

High Deductible Health Plan (HDHP): Employees must satisfy a high health care deductible before insurance benefits begin. Because first dollar expenses are not covered by these plans, their premiums are often significantly lower than conventional health insurance plans. Often a component of Consumer-Driven Health Plans.

HMO Plan (Health Maintenance Organization): Medical insurance plan that provides a full range of health services within a certain geographic area. The group providing the services could be located in a single facility/clinic or could be a group of physicians that practice in their own offices. Participants receive care from plan approved health providers and facilities. Primary care physicians act as "gatekeepers" to specialists and services.

Indemnity Plan: Indemnity plans or "Fee-for-Service" plans have no restrictions on healthcare facilities used by the insured. The insured pays a certain amount of the expenses up front in the form of an annual deductible, and thereafter, the insurance pays a percentage of covered expenses. Coverage is usually more limited than with other types of coverage with routine and preventative care visits not subject to reimbursement.

Leave Assistance Program: Pooled leave program where employees can donate leave that they can utilize at a future time and/or donate leave to a specific co-worker. There are typically restrictions on what events qualify a worker to use this time.

Long-Term Care Insurance: An insurance plan that provides benefits designed to defray the cost of long-term care. These plans typically cover employees and their family members.

Long-Term Disability Insurance: An insurance plan providing benefits designed to protect an employee's income loss due to a disability that persists after an elimination period or exhaustion of sick leave benefits. Benefit periods may last up to age 65.

Mandatory Benefits: Benefits required by State or Federal law. For example: Social Security and Unemployment.

Maximum Annual Accrual: The maximum number of hours/days an employee can accrue in a year.

Maximum Out-of-Pocket Expense: The maximum out-of-pocket expense is the maximum amount the insured is responsible for before the insurer pays expenses at 100%.

Money Purchase: The amount contributed to participant accounts is based on a specific formula. For instance, each year a participant may receive a contribution of "4%" of base pay.

Network of Health Care Professionals: A network of healthcare providers who will provide special prices for participants in an employer's health plan.

Offer Wellness Rewards/Incentives: In order to increase program participation or reward individuals meeting/exceeding wellness-related goals, companies may offer lump sum bonuses, gift certificates, additional time off work, lower insurance premiums, lower insurance deductibles or reimbursement for health club memberships.

Onsite Health Clinic: Medical professionals in a clinic setting located at work which typically handles treatment of acute illnesses as well as preventative services.

Orthodontia: Treatment for misaligned teeth often involving braces or oral surgery.

Paid Holidays: The average number of employer-paid holidays per year.

Paid Time Off (PTO): The average number of paid hours off when paid time off is combined into one program. Usually this includes vacation, sick, and personal time. It may also include holidays.

Personal Days: The average number of paid personal days granted per year by employers that do not have a PTO program.

Pharmacy Benefit Management (PBM): A prescription drug benefit program that manages costs and reduces cost increases. PBMs may be offered by companies who contract with managed care organizations, self-insured employers, insurance companies and others to provide managed prescription drug benefits.

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Physical Fitness Facility Access: Employees can engage in exercise, nutrition, and wellness programs either through workplace fitness centers or through discounted memberships at off-site fitness centers.

POS Plan (Point-of-Service): This plan is generally used in a managed care medical plan in which the level of benefit received depends on the "point of service" where care begins

PPO Plan (Preferred Provider Organization): A Preferred Provider Organization (PPO) plan contracts with various healthcare providers (physicians, hospitals, etc.) to provide medical services to the covered individuals. Employees who enroll in such a plan choose from a list of participating healthcare providers and organizations in order to benefit fully (in terms of dollars) from this arrangement.

Pre-Admission Testing: Conducting medical tests on an outpatient basis in order to reduce the number of days a patient is hospitalized.

Pre-Existing Condition: A health or medical condition that was diagnosed or treated before enrollment in a new health plan. Some pre-existing conditions may be excluded from coverage during a specified timeframe after the effective date of coverage in a new plan.

Pre-Tax Basis: If employees share in the cost (pay all or a portion of the premium) of medical and/or dental benefits and are allowed to pay those premiums before paying taxes on the money, you should answer "yes" to this question. This "pre-tax payment of premium" arrangement is permitted through Section 125 of the Internal Revenue Code.

Second Surgical Opinion: Requiring the insured to see another physician regarding a medical condition prior to the insurance provider agreeing to cover surgery.

Self-Insured: Refers to a health benefit plan in which the company pays for claims as they are incurred. Generally, claims are paid through a third-party administrator and the company maintains stop-loss insurance coverage to protect it from extraordinary claims.

Short-Term Disability Insurance: An insurance plan that provides benefits designed to protect an employee's income loss due to disability. Benefit periods usually range from 30 days up to two years.

Sick Days: The average number of paid sick days granted per year by employers that do not have a PTO program.

Supplemental Retiree Health Benefits: Coverage beyond that allowed by Medicare coverage.

Tiered Match: The company contribution is based upon a first portion of employee earnings up to a limit, and then changes to a different amount up to a final limit. For example, the company match is 50% up to 3% of the employee's salary, and then is 25% up to 8% of the employee's salary.

Tobacco Cessation: Programs may include discounts or no-cost cessation counseling, nicotine gum, patches, and/or medications. It may also be referred to as smoking cessation.

Utilization Review: A system of review of the appropriateness, necessity and quality of health care as a means of cost control.

Vacation: The average number of hours of vacation provided by the organizations if not part of a formal PTO program.

Vested: A participant is 100% vested when he/she is entitled to all employer contributions made on the employee's behalf. For instance, a plan may grant 100% vesting after five years of service, or have a graded vesting schedule where an eligible employee is first entitled to 20% of employer contributions after three years of service, 40% after four years, increasing in 20% increments and 100% vested at six years of service. Some employers grant 100% vesting immediately.

Vision Insurance: Vision Insurance means coverage outside of surgical and medical treatment of the eye covered under a medical plan.

Voluntary Benefits: Discounted products or services offered to employees.

Waiting Period: The amount of time that must elapse from the day of hire to the first day of coverage.

Weight Management: Program may include education on exercise and nutrition, classes, weight loss challenges, or discounts on programs such as Weight Watchers.

Wellness Programs: Programs that include features such as free or reduced-cost annual physicals, immunizations or tobacco cessation programs.

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