Health Insurance 101

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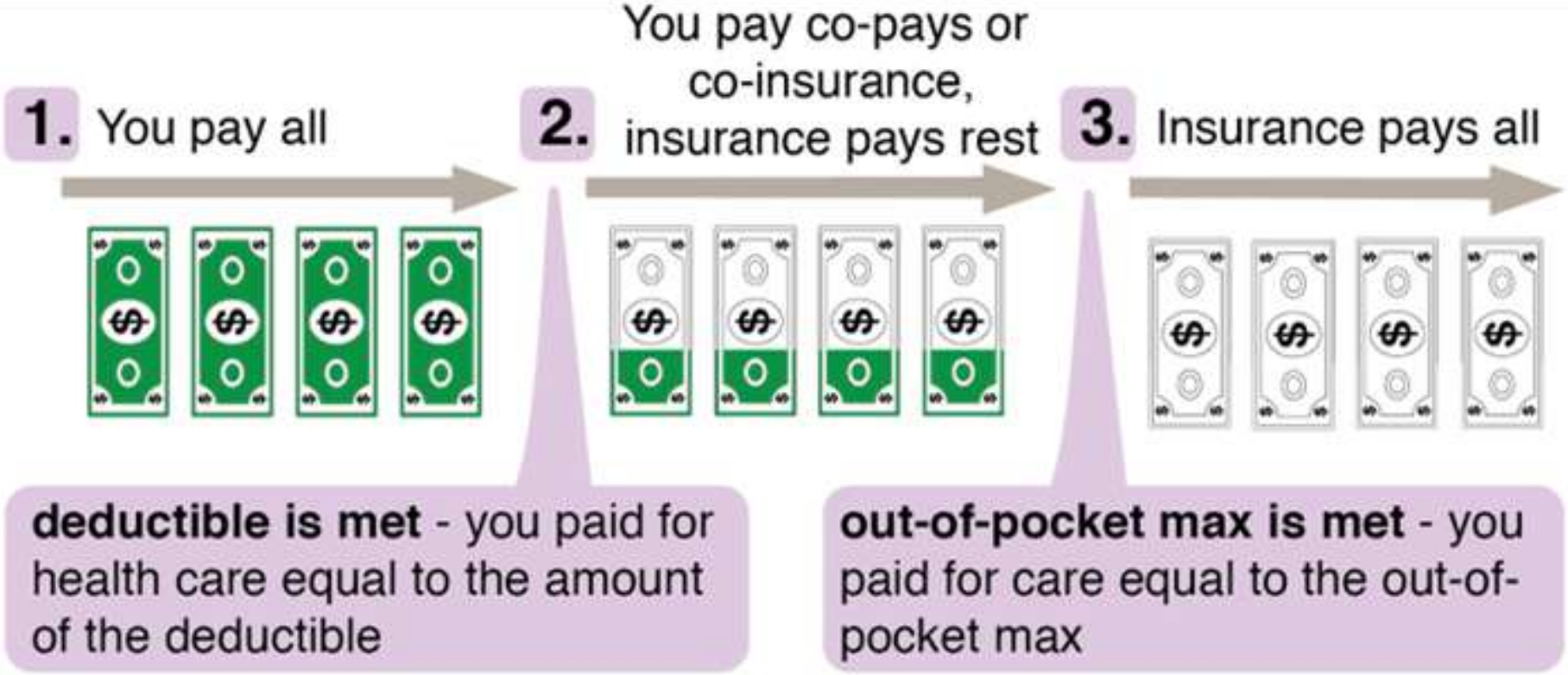
1. What is health insurance?

What is insurance?

- Legal agreement between customer (patient) and insurance company so that the company will pay expensive medical bills. Patients will pay the company monthly fees and some part of the medical bill.
- The cost of the monthly fee and how much the patient pays for the medical bill depends on the policy.

2. Important Words

- **Premium**: the monthly fee you pay to the insurance company
- **Deductible**: how much you pay for a medical bill before the insurance company helps pay.
- **Coinsurance**: after the deductible cost, this is the percentage/ amount of the cost you share with the insurance company.
  - Ex: you pay 20% of the remaining bill and the insurance pays 80%
- **Co-pay**: fixed amount you pay for a service.
  - Ex: you always pay $30 for a dentist appointment
- **Out-of-pocket costs**: money the insurance completely pays in a medical bill. If a medical bill becomes higher than this amount/ maximum, then the insurance will pay 100%. Deductible counts within this number.


1. You pay all
2. You pay co-pays or co-insurance, insurance pays rest
3. Insurance pays all
deductible is met - you paid for health care equal to the amount of the deductible
out-of-pocket max is met - you paid for care equal to the out-of-pocket max

3. Sample Situation: Muhammed

Muhammed was hospitalized in July, and his medical bill is $3000 for the hospital visit. He has a $50 premium that he pays to his insurance company, and the insurance policy has a deductible of $400 and a co-insurance where Muhammed will pay 30%.

How much does Muhammed pay in July?

3. Sample Situation: Muhammed

Total cost of just hospital visit: $3000

Amount after deductible (amount Muhammed and hospital will share): $3000 - $400 = $2600

Amount after deductible that Muhammed will pay: $2600x30% = $780

Total with deductible for July: $780 + $400 + $50 = $1230. Total without insurance: $3000.

3. Sample Situation: Fatima

Fatima begins a monthly medication from January that costs $700 each month. She has a $200 premium, and the insurance has a deductible for $3000 and a co-insurance where Fatima will pay 20%. The out-of-pocket maximum is $4,000 for the entire year.

How much will Fatima pay from January to December (including January)?

3. Sample Situation: Fatima

Jan: Fatima pays $700.

Feb-May: Total is $3500 so far, which is over $3000. $3500 - $3000 = $500 for July that Alice and insurance share. $500*20% = $100 for Fatima. Fatima has paid $3100 so far.

June: $700 additionally over. $700x20% = $140. Fatima has paid $3240 so far.

July-December: $140x6 =$840. $3240 + $840 = $4080. This is $80 over the out-of-pocket maximum of the year so Fatima will pay $4000 alone.

Total with premiums: $4000 + 12x200 = $6400. Without insurance: 700x12 = $8400.

4. What is Medicaid?

Medicaid is governmental health insurance for eligible low-income adults, children, pregnant women, elderly adults (Medicare) and people with disabilities. Organized by each state.

- Covers certain mandatory services, prescription medication, etc.
- Must meet certain eligibility requirements; for Maryland, here are the requirements generally.
  - There are different requirements for different groups of patients (pregnant, children, etc.). For Maryland, here.

5. How to apply for insurance/ Medicaid

To apply for Medicaid in Maryland, you can go to this link and apply according to what type of patient you are. You can use this link to calculate if your income is eligible for Maryland Medicaid too.

In general, there are several ways to apply. You can see them here. In Maryland, you can use the Easy Enrollment Program by checking off a box while filing state taxes 502 and 502B forms. You can also find local help (navigators, brokers, **translators**) in Maryland here.

Main Points

- Insurance is a complex process but it can help save money for you during medical emergencies as well as with prescriptions, etc. in the year.
- There are many policies with different premiums, deductibles, co-insurance/ co-pays, and out-of-pocket maxs.
- Medicaid is governmental health insurance (organized by each state) that you might be eligible for if you are under a certain income/ condition.
- There are resources in Maryland for applying and finding health insurance that works for you.

Health insurance is important so you will not have extremely expensive medical bills.

6. Resource Compilation

- Cigna: “How does health insurance work”
- Maryland Medicaid Application main page
- Maryland Health Connection income calculator for eligibility
- Healthcare.gov health insurance how to apply in 2022 main page
- Maryland Easy Enrollment Program
- Maryland Health Connection insurance enrollment help

Don’t hesitate to reach out for help! There are people who can support you and your family.