

**SIMPLIFY  
EMPLOYEE  
BENEFITS OPEN  
ENROLLMENT**

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**COMMON  
BENEFITS TERMS  
AND  
DEFINITIONS**

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**To help simplify the often overwhelming and confusing process of employee benefits open enrollment, we've assembled this glossary of common benefits terms and their definitions—organized into the following categories:**

- [General Terms and Definitions](#)
  - [Medical Benefits](#)
  - [Ancillary Benefits](#)
  - [Retirement Benefits](#)
  - [Work/Life Benefits](#)
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# General Terms and Definitions

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## **Benefits (Benefits Package)**

A form of compensation offered by employers to employees over and above the amount of pay specified as a base salary or hourly rate of pay.

## **Coinsurance**

The percentage of a covered healthcare service that you pay that typically applies after your annual deductible has been met. For example, if you meet your annual deductible in May and need tests done in June, the tests will be covered by coinsurance. If the covered charges are \$1,000 and your coinsurance is 10%, you need to pay \$100 ( $\$1,000 \times 10\%$ ). Your insurance company or health plan pays the other \$900.

## **Copayment**

A fixed amount that you pay for a covered healthcare service or prescription drug. For example, you may have a \$15 copay each time you see your primary care physician, a \$10 copay for prescription medication, and a \$100 copay for an emergency room visit.

## **Deductible**

A fixed dollar amount you pay for eligible services before your insurance plan begins reimbursing for expenses. After you meet your deductible, you may have to pay a copayment or coinsurance for covered services or prescription drugs, and then your insurance pays the remainder.

## **Employee Contribution**

The amount you contribute through payroll deductions for healthcare insurance and other employee benefits.

## **Dependent**

These are typically spouses, domestic/civil union partners, and children (up to age 26) who meet eligibility requirements for coverage under insurance plans.

## **Open Enrollment Period**

A designated period when you can sign up for a benefits plan or change your coverage options under that plan.

## **Plan Year**

The designated period during which you and your dependents are covered under a benefits plan. This period can vary based on policy type and insurance provided but is generally 12 months.

# General Terms and Definitions (cont.)

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## Plan Administrator

The person or company that is responsible for the day-to-day management of benefits plans on behalf of plan participants and beneficiaries.

## Premium

The amount charged to you by a company for an insurance plan.

## Qualifying Life Event (QLE)

A change in your life that allows you to make changes to your benefits coverage outside of your plan's annual open enrollment period. These changes may also make you eligible for a Special Enrollment Period.

*Qualifying life events include:*

- Marriage or divorce
- Childbirth or adoption
- Death in the family
- Loss of coverage under another insurance plan
- Dependent turns 26 years old
- Change in residence
- Income changes that affect your qualifying coverage

## Special Enrollment Period

A designated period outside of an open enrollment period during which you and your eligible dependents can sign up for or modify employee benefits. A special enrollment period is typically triggered by a qualifying life event.

## Summary Plan Description (SPD)

A document that explains the features and options included in an employee benefits plan. The Employee Retirement Income Security Act of 1974 (ERISA) requires that each participant be provided an SPD copy within 90 days of joining the program.

## Voluntary Benefits

Aka Ancillary Benefits – Benefits that are often offered at a discount to employees but paid for by the employee through payroll deductions. Examples of these benefits include life insurance, dental, vision, long- and short-term disability, and critical illness insurance.

## Work/Life Employee Benefits

"Non-traditional" employee benefits that provide employees wellness tools and help them create and maintain a healthy work-life balance.

# Medical Benefits

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## **COBRA**

The Consolidated Omnibus Budget Reconciliation Act (COBRA) gives workers and their families the right to continue group health benefits provided by their group health plan for limited periods under certain circumstances such as voluntary or involuntary job loss, reduction in the hours worked, a transition between jobs, death, divorce, and other life events. Qualified individuals may be required to pay the entire premium for coverage, up to 102% of the cost to the plan.

## **FMLA**

The Family Medical and Leave Act (FMLA) ensures that eligible, covered employees can take up to 12 weeks of (unpaid) time off to deal with their own or a close family member's serious health condition without fear of losing their job. Applicable to covered organizations with 50 or more employees, FMLA provides specific guidelines on the length of time an employee can take, what qualifies as a serious health condition, and responsibilities assigned to employees and employers. The law also requires that the employee's group health benefits be maintained during the leave.

## **Formulary**

A list of generic and brand-name prescription drugs covered by your health plan. Each medicine is classified into a tier (e.g., generic, preferred brand, non-preferred brand, or specialty) which determines your copayment.

## **Generic Drug**

A medication created to be the same as an already marketed brand-name drug in dosage form, safety, strength, route of administration, quality, performance characteristics, and intended use. A generic medicine works in the same way and provides the same clinical benefit as brand-name medicine. Therefore, you can take a generic medicine as an equal substitute for its brand-name counterpart.

## **Healthcare Flexible Spending Accounts (FSA)**

A benefit plan that allows employees to set aside pre-tax dollars to pay for eligible healthcare expenses. Typically, you must use the funds within the plan year or the unspent dollars return to your employer, but there are exceptions. An employer can provide a "grace period"—up to 2 ½ months after the end of the plan year—or can allow you to carry over up to \$550 to use in the following plan year.

# Medical Benefits (cont.)

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## Health Maintenance Organization (HMO)

A network or organization that provides health insurance coverage for a monthly or annual fee and limits coverage to medical care provided through doctors and other providers under contract with the HMO. Premiums may be lower but there are restrictions for HMO members. You must first receive medical care services from an assigned provider known as the primary care physician (PCP), and you may have to live or work in the plan's network area to be eligible for coverage.

## Health Savings Account (HSA)

A tax-free savings and investment account designed to help employees save for qualified out-of-pocket medical expenses. To be eligible, you must participate in a High Deductible Health Plan (HDHP). Employees can put money (pre-tax dollars) in an HSA up to an annual limit set by the government, and employers may also contribute funds to these accounts within the prescribed limit.

## Health Reimbursement Arrangements (HRAs)

An employer-funded group health plan that reimburses employees with tax-free dollars for qualified medical expenses up to a fixed dollar amount. Fund balances roll over but revert to the employer when the employee leaves the organization. These are also called Health Reimbursement Accounts.

## High Deductible Health Plan (HDHP)

A healthcare plan with higher annual deductibles than traditional plans; however, they may have lower premiums for covered services. You must meet the annual deductible before the plan cover eligible expenses (except for preventive care).

## In-Network Provider

Doctors, clinics, hospitals, and others that are part of a health plan's network of providers. You will (typically) pay less when using an in-network provider because the provider's contract with the insurer requires the provider to accept the insurer's payment - plus the patient's cost-sharing, such as the deductible, copay, or coinsurance - as payment in full. Health plans cover a more significant share of the cost for in-network health providers than out-of-network providers.

## Network

The facilities, providers, and suppliers a health insurance carrier contracts with to provide medical services at pre-negotiated discount rates for plan members.

## Non-Preferred Brand Name Drug

A brand-name medication that has a generic option.

# Medical Benefits (cont.)

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## **Out-of-Network Provider**

Doctors, clinics, hospitals, and others that are NOT part of a health plan's network of providers. You will (typically) pay more when using an out-of-network provider because there is no negotiated contract between the insurer and provider. In addition, some health plans don't cover the costs for any out-of-network services.

## **Out-of-Pocket Maximum**

The cap, or limit, on your share of the cost of covered healthcare services in a plan year. When you meet that limit, your health plan will pay 100% of all covered healthcare costs for the rest of the plan year. If you have dependents on your plan, you could have individual out-of-pocket maximums and a family out-of-pocket maximum.

## **Over-the-Counter Drug**

A drug you can buy without a prescription from a drugstore or most general or grocery stores. In the United States, the Food and Drug Administration (FDA) decides whether a medicine is safe and effective enough to sell over the counter.

## **Preferred Brand Name Drug**

A brand-name medication that does not have a generic option.

## **Preferred Provider Organization (PPO)**

A network or organization that provides health insurance coverage for a monthly or annual fee and provides access to a local network of doctors and other providers under contract. Members also have the flexibility to see any other provider that accepts the health plan. The plan's premium, copay, or coinsurance may be higher for services outside the PPO network.

## **Prescription Drug Coverage**

Insurance coverage that helps pay for prescription drugs and medications. Your cost will depend on the medicine prescribed by the doctor.

# Medical Benefits (cont.)

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## Preventive Care

Proactive medical treatments performed to prevent health issues. Your plan may cover preventive services without incurring a copayment, coinsurance, or meeting your deductible.

*Standard preventive services include:*

- Blood pressure, diabetes, and cholesterol tests
- Well-woman exams
- Colonoscopies
- Well baby or child check-ups
- Flu shots and vaccines
- Counseling on healthy eating, treating depression and reducing alcohol use

## Primary Care Physician (PCP)

A specialist in family medicine, general internal medicine, or general pediatrics who provides primary care services and is the point of contact for healthcare plan members. They are responsible for their patients' comprehensive care and help coordinate a wide range of medical services with specialists as needed.

## Provider

A physician, healthcare professional, or healthcare facility certified or accredited by state law.

## Specialty Drug

An expensive prescription medication used to treat complex, chronic conditions. Some specialty drugs require special handling, administration by injection or infusion, and careful oversight by a healthcare provider who can monitor side effects and efficacy.

## Specialist

A physician who focuses on a specific area of medicine. Following diagnostic tests, a primary care physician might refer their patient to a specialist to determine the proper medical treatment or procedure based on test results and symptoms.

## Urgent Care

A medical facility capable of treating an illness or injury severe enough to seek immediate care but not so extreme as to require emergency room care.



# Ancillary Benefits: Dental, Vision, Life Insurance, Disability

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## **Basic Dental Services**

A category of dental services including fillings, extractions, root canals, and root planing.

## **Complete Series**

An entire set of X-ray images of a patient's mouth, including teeth, crowns, gums, and roots. It is a critical step in a thorough dental examination and helps diagnose oral issues, including cavities, periodontal disease, and broken fillings or crowns.

## **Dental Assessment or Exam**

A clinical exam of a patient's teeth and gums. Dental assessments include teeth cleaning and examining for tooth decay, gum disease, and other oral health problems.

## **Dental Care Professional**

A dentist, dental hygienist, or another individual who performs services within their dental license or certification scope. A dentist is a doctor specially trained to care for teeth and gums. A dental hygienist is a health care professional qualified to clean teeth and help patients maintain good oral health habits.

## **Dental Health Maintenance Organization (DHMO)**

A network or organization that provides dental insurance coverage for a monthly or annual fee and limits coverage to care provided through dentists and other providers under contract with the DHMO. You must first receive dental services from an assigned primary care dental provider, and you may have to live or work in the plan's network area to be eligible for coverage.

## **Diagnostic and Preventive Services**

Dental services often covered by the dental plan without deductibles or co-payments, including exams, cleanings, x-rays, and fluoride treatments.

## **Disability Insurance**

Insurance paid to a policyholder who experiences a loss of income due to an injury or an illness. Disability insurance plans can be employer-paid or voluntary.

## **Discount Dental Plan or Dental Savings Plan**

A network of dentists who perform services at discounted prices. You directly pay the dentists the entire discounted fee for services received.

# Ancillary Benefits: Dental, Vision, Life Insurance, Disability (cont.)

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# Ancillary Benefits: Dental, Vision, Life Insurance, Disability (cont.)

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## **Endodontist**

A trained dental specialist who focuses on tooth problems that affect the tooth pulp, including the nerves, blood vessels, roots, and other tissues deep inside each tooth.

## **General Dentist**

A trained dentist who provides a full range of dental services but does not specialize in one area. A general dentist serves as a primary care dental provider.

## **Life Insurance**

An insurance policy that guarantees named beneficiaries a sum of money in exchange for premiums paid by the policyholder during their lifetime.

## **Long-Term Disability**

Disability insurance designed to replace an employee's income for an extended period while they cannot perform their duties due to illness or injury. Benefits usually are paid as a fixed percentage of earnings, up to a set limit.

## **Major Services**

A category of dental services that includes crowns, dentures, implants, and oral surgery.

## **Managed Vision Care**

A system that provides vision services and preventive eye healthcare typically through a health management organization (HMO) or a preferred provider organization (PPO) that includes independent eye doctors.

## **Ophthalmologist**

A physician who specializes in eye and vision care. As a medical doctor, an ophthalmologist diagnoses and treats eye diseases, performs eye surgery, and prescribes and fits eyeglasses and contact lenses to correct vision problems.

## **Optician**

A technician trained to design, verify and fit eyeglass lenses and frames, contact lenses, and other eyesight correction devices. They use prescriptions supplied by ophthalmologists or optometrists in their work but do not test vision or write prescriptions. Opticians do not diagnose or treat eye diseases.

# Ancillary Benefits: Dental, Vision, Life Insurance, Disability (cont.)

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## **Optometrist**

A healthcare professional who provides vision care ranging from sight testing and correction to the diagnosis, treatment, and management of vision changes. An optometrist is not a medical doctor but can perform eye exams and vision tests, prescribe and dispense corrective lenses, detect eye abnormalities, and prescribe medication for certain eye diseases.

## **Orthodontist**

A dental specialist trained to diagnose, prevent, and treat teeth and jaw irregularities. They use fixed and removable dental devices, like braces, retainers, and bands, to straighten and align teeth.

## **Pediatric Dentist**

A dental specialist who provides primary and comprehensive preventive and therapeutic oral healthcare for children from birth through adolescence.

## **Periodontist**

A dental specialist who focuses on the prevention and treatment of gum disease.

## **Prosthodontist**

A dental specialist who treats complex dental and facial matters, including restoring and replacing missing or damaged teeth with artificial devices.

## **Short-Term Disability**

Disability insurance designed to replace an employee's income for a temporary, specified time frame while they are unable to perform their duties due to illness or injury. Benefits usually are paid as a fixed percentage of earnings, up to a set limit.

# Retirement Benefits

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## **401(k) Plan**

A flexible retirement savings plan in which employees invest automatic pre-tax payroll deductions in the plan's offerings—typically an assortment of stock and bond mutual funds. Employers contribute to the plan tax-free by making matching contributions. Some programs allow employees to direct their investments.

## **Defined Benefit Plan**

A retirement plan that pays participants a lump-sum amount at retirement using formulas that factor in age, earnings, and length of service.

## **Defined Contribution Plan**

A retirement plan that's typically tax-deferred, like a 401(k) or a 403(b), in which employees contribute a fixed amount or a percentage of their paychecks to an account intended to fund their retirements. The sponsor company can match a portion of employee contributions as an added benefit.

## **Early (Pre-Retirement) Withdrawals**

Defined contribution plan participants can withdraw all or a portion of funds from their accounts, though it is not recommended that they do so before retirement.

*Most early withdrawals incur tax penalties, except for those that occur under the following conditions:*

- Employees may not be penalized for a hardship withdrawal, often defined as a death or illness of a family member, educational expenses, sudden uninsured losses, or to prevent eviction from a primary residence.
- Participants can borrow retirement funds but must repay the loan within five years with interest.
- When an employee leaves a company, they can roll over their retirement funds to an individual retirement account (IRA) or another employer's plan.

## **Multi-Employer Plan (MEP) 401(k)**

A way for small and mid-sized companies in the same industry to participate in a 401(k) plan by pooling assets and sharing administrative costs. Employees participate through automatic pre-tax payroll deductions invested in the plan's offerings—typically an assortment of stock and bond mutual funds. In addition, employers contribute to the plan tax-free by making matching contributions.

# Retirement Benefits (cont.)

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## **Pooled Employer Plan (MEP) 401(k)**

A 401(k) plan that allows several companies to pool assets and share administrative costs, therefore allowing businesses of all types and sizes to share in costs and benefits. The companies do not have to be in the same industry to participate in a PEP. Employees participate through automatic pre-tax payroll deductions invested in the plan's offerings—typically an assortment of stock and bond mutual funds. In addition, employers contribute to the plan tax-free by making matching contributions.

## **Portability**

A retirement plan participant's ability to maintain and transfer accumulated pension benefits when changing jobs. Portability of assets means participants can withdraw their accrued pension benefits or transfer them to another retirement arrangement. Portability of credited service means participants can count the years of service with a previous employer to determine benefits from their current employer.

## **Vesting**

The amount of time a participant must work before earning the right to employer-provided retirement contributions. Once the participant is vested, the accrued benefit is retained even if they leave the company before retirement age.

# Work/Life Benefits

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## **Dependent Care Flexible Spending Account (DCFSA)**

A benefit plan that allows you to use pre-tax dollars to pay qualified out-of-pocket dependent care expenses such as preschool, summer day camp, before or after school programs, and child or adult daycare. The money you contribute to a Dependent Care FSA is not subject to payroll taxes.

## **Employee Assistance Program (EAP)**

A structured plan that allows employees to seek assistance for various personal or work-related issues. EAPs often offer free and confidential assessments, short-term counseling, referrals, and follow-up services.

## **Leave Benefits**

Allowing employees time off from work –paid, unpaid, or partially paid – for holidays, vacation, personal leave, sick leave, military leave, funeral leave, jury duty, family leave, and more.

## **Telemedicine**

The use of telecommunication technology to deliver healthcare services. Telemedicine allows you to talk to your doctor live over the phone or video chat and for them to monitor your condition remotely, and you can send and receive messages from your doctor using chat messaging or email. This practice has grown in popularity during the COVID-19 pandemic.

## **Wellness Program**

A plan that promotes healthy lifestyle habits through smoking cessation, exercise/physical fitness, nutrition education, periodic physical examinations, stress management programs, and lifestyle assessment tests. Wellness programs can incentivize participation by offering premium discounts, cash rewards, gym memberships, and other rewards.

## **Workplace Flexibility**

A flexible workplace allows changes to the time (when), location (where), and manner of how employees work.

*Flexibility options include:*

- Compressed work weeks
- Hybrid work schedule
- Flexible start or end times
- Job sharing
- Telecommuting/Remote work