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# Understanding Health Insurance



Having adequate health coverage is one of the best ways to protect yourself against the potential financial stress of high medical bills. It can be a challenge to know which plan is the right fit for you and your family, however. Exploring how health care coverage works can empower you to choose a plan that best meets your needs. Let's break it down:

## What Is Health Insurance?

Health care coverage and insurance help protect you from unexpected or high medical bills by covering some or all of your medical costs.

Although [TRICARE](#), the uniformed services health care program, is technically not insurance, its function is similar. Managed by the Defense Health Agency's TRICARE Plan Office, it combines resources from the Military Health System — hospitals, clinics and pharmacies — with a network of civilian health care professionals. It provides health benefits and medical care for approximately 9.5 million beneficiaries, although coverage can vary by plan and eligibility.

In addition, retired Service members and eligible veterans may receive routine, specialty, dental and vision care from the [Department of Veterans Affairs](#) (VA).

## Who Needs Health Coverage?

Everyone. Even if you're generally healthy, most health plans cover the preventative care that will keep you that way. Besides, accidents and emergencies can happen to anyone. By ensuring you have health care coverage now, you'll have the peace of mind you need if something happens tomorrow. Without it, you leave yourself and your family vulnerable to high medical bills. Even a couple of stitches could end up costing thousands of dollars.

## How Do You Get Health Care Coverage?

Health insurance is usually offered through an employer, the Affordable Care Act (ACA) insurance marketplace, Medicaid or Medicare.

TRICARE is available to all Service members, including National Guard and Reserve members, retirees, eligible family members, surviving spouses and eligible dependents, certain former spouses and more. Just like other types of health insurance, coverage varies based on [your eligibility](#) and the [type of plan](#) you choose.

Active-duty Service members, along with activated National Guard and Reserve members, are automatically enrolled in [TRICARE Prime](#) with no out-of-pocket costs. They generally receive care at military treatment facilities (MTFs), but may be referred to civilian doctors for specialty care.

Other participants, including family members, retirees and survivors, may select TRICARE Prime and receive care from a primary care manager at an MTF or from a civilian network provider. Eligibility will determine whether there are enrollment fees, premiums or copays.

Other TRICARE health plans include:

- [TRICARE Select](#), a fee-for-service plan that gives family members different choices.
- [TRICARE Reserve Select](#), a premium-based plan available for Reserve-Component members not on active duty and their families.
- [TRICARE US Family Health Plan](#), a TRICARE Prime option available through networks of community-based, nonprofit health care systems in six areas of the U.S.
- [TRICARE Retired Reserve](#), a premium-based plan for retired reservists under age 60.
- [TRICARE Young Adult](#), premium-based coverage for qualified adult children who have "aged out" of standard TRICARE plans. There are Prime and Select options.
- [TRICARE For Life](#), a plan that provides Medicare-wraparound coverage.

There are also [TRICARE plans](#) for Service members and military families living overseas and in remote areas. If you have or qualify for TRICARE Prime, TRICARE Select or the US Family Health Plan, you can change your coverage annually during [Open Season](#) from mid-November to mid-December or after a [qualifying life event](#), such as marriage, childbirth, divorce, a move or military retirement.

### **What About Dental and Vision Coverage?**

Dental and vision care is not always included in health care and insurance plans. Depending on eligibility, you may need separate coverage, such as plans from the [TRICARE Dental Program](#) or the [Federal Employees Dental and Vision Insurance Program](#) (FEDVIP).

Health care can be expensive so it's important to understand your coverage. Maximizing your benefits and reaching out to TRICARE for support can help you plan for future costs and minimize unexpected or unnecessary out-of-pocket expenses. In addition, your eligibility or needs may evolve as you change employers, develop a disability or age, so be sure to review your plan at least once a year.

### **What Are Out-of-Pocket Expenses?**

Out-of-pocket expenses are the portion of your medical bills that you pay directly. They can include your monthly costs to participate in the plan, deductibles, and co-pays or co-insurance. Not all care requires co-pays or co-insurance, however. For example, under TRICARE, preventative care has no additional costs.

Many insurance plans require a monthly fee. This is typically referred to as a premium, but may be called an enrollment fee if you are enrolled in TRICARE Prime or TRICARE Select as a retiree or retired family. Active-duty family members do not pay fees to participate in TRICARE.

Your deductible is how much you will pay out-of-pocket before your insurance starts making any payments. Let's say your deductible is \$150. When you receive your first care in the calendar year, insurance won't cover the first \$150 of expenses. After you've paid the first \$150, your insurance will start paying. For any additional care, you will pay your normal co-pay/co-insurance and then your insurance will pick up the rest.

You will pay co-payments and co-insurance each time you receive care. For example, if you are an active-duty family member using TRICARE Select and you visit an in-network urgent care, you will pay \$27. If you visit an out-of-network urgent care, it will cost 20% of the TRICARE-negotiated price. Sometimes you have to pay upfront and sometimes you will be billed after the fact.

### **Do You Have Enough Coverage?**

If anyone in your family is medically complex and your family is eligible for other benefits, you may also want to consider [additional insurance](#). Perhaps it's available through a spouse's employer, or your own if you've already retired or are a member of the Reserve Component. Depending on the plan premiums, the coverage and your out-of-pocket expenses, you could end up saving money. You might even want to consider purchasing a [supplemental](#) insurance policy, but it's important to consider your family's needs first.

Military families who participate in the [Exceptional Family Member Program](#) (EFMP) and have a dependent with a moderate or severe intellectual disability, serious physical disability or an extraordinary physical or psychological condition may qualify for TRICARE's [Extended Care Health Option](#) (ECHO). Benefits include rehabilitation services, special education, assistive technology devices, institutional care and home health care. In addition, TRICARE offers several [special programs](#) for specific conditions, including [autism](#), [cancer](#) and more.

Some military family members may also qualify for [Medicaid](#). Coverage varies by state.

## What if You Can't Pay Your Medical Bills?

Depending on the plan, co-pays and deductibles can add up quickly for some participants, especially during emergencies.

The good news is that TRICARE and most insurance plans include out-of-pocket maximums, known as the [catastrophic cap](#) for TRICARE. It varies by plan and resets each January, but it's the most you will ever have to pay for covered services during a calendar year.

Most hospital systems will also let you set up a payment plan, negotiate the total or [apply for financial assistance](#). The Center for Medicare & Medicaid Services [outlines your rights to protection](#) from surprise medical bills. In addition, the website has a module to help you develop a [customized plan of action](#) for dealing with medical billing issues.

[Your Service's relief society](#) may also be able to provide a low-interest loan or a grant to help you cover the remaining portion of your family's medical bills.

In addition, the DoD recently began offering a [Health Care Flexible Spending Account](#) (HCFA) for Service members. This optional benefit could help you in the future by allowing you to set pre-tax dollars from your paycheck aside in a special account. You can then use this money to pay or reimburse out-of-pocket health, prescription, dental and vision expenses.

If you need help incorporating medical expenses into a spending plan, you can meet with a trusted [personal financial manager](#) or [counselor](#) for assistance. Reach out to [your nearest installation](#) and make an appointment with an expert.

As you reach new milestones and complete your [Service's financial readiness training](#), look to the DoD [Office of Financial Readiness \(FINRED\)](#) and your Service for trusted additional resources. You can follow @DoDFINRED on [Facebook](#), [Instagram](#), [LinkedIn](#), [X](#) and [YouTube](#), and download the free DoD financial education app, [Sen\\$e](#), for financial tips on the go.

## Common Health Insurance Terms

**Coinsurance:** The percentage you pay for medical expenses. Most plans move to coinsurance coverage after a deductible is met during any given year.

**Co-Payment:** A set amount you pay for services covered by insurance, such as annual health exams or diagnostic tests. Co-payments are usually due at the time of service.

**Covered Services:** Designated services that may be fully or partially covered by insurance. These typically include annual health exams and some diagnostic tests.

**Deductible:** An amount you pay first, before the insurance company begins covering services. Deductibles typically reset on an annual basis.

**Explanation of Benefits:** A statement from your health insurance plan that details the cost of medical care you've received. It lists what your insurance company paid and how much you owe your provider.

**In-Network:** A term for medical providers and organizations that contract with your insurance company.

**Open Season:** A period during which participants can make changes to their health insurance coverage.

**Out-of-Network:** A term for medical providers and organizations that do not contract with your insurance company. As a result, services may cost more or may not be covered at all.

**Out-of-Pocket Maximum:** Also known as a catastrophic cap, this is the maximum out-of-pocket amount you are responsible for during a calendar year. After it's met, the insurer covers the participant's portion of eligible medical expenses.

**Premium:** The money you pay to secure your private health insurance. Retiree families who enroll in TRICARE pay enrollment fees.

**Primary Insurance:** If you have more than one health insurance company, the primary plan, usually employer-sponsored coverage, is billed first when you receive medical care. If TRICARE is one of your two plans, it always serves as your secondary coverage unless you have Medicaid or a designated Tricare Supplement.

**Provider:** The person, facility or company providing health services, usually doctors, hospitals and pharmacies.

**Qualifying Life Event:** A life change, such as getting married, having a baby, moving or losing health coverage, that can make you eligible to modify your insurance outside Open Season.

**Referral:** An order for you to see a specialist, receive certain medical services or undergo testing. Some plans require referrals for payment purposes and some doctors may require one before providing you with care.

**Secondary Insurance:** Additional, optional insurance that's billed second. It may cover out-of-pocket expenses left after your primary plan pays.

*You can look up additional insurance terms at [Healthcare.gov](https://www.healthcare.gov).*