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Consumers are in the dark on health insurance terminology

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In 2007, Americans saw more media coverage over the issues of health insurance. Yet, research shows most consumers with medical coverage don't understand basic health insurance terminology.

For example, 36% of adults admit to struggling with understanding the acronym HMO (health maintenance organization), while 20% report the term PPO (preferred-provider organization) sometimes is difficult to grasp, despite PPOs being the most common type of health insurance provided by employers. What's more, 11% of consumers indicate the acronym HSA (health savings account) is confusing as well.

California-based eHealth, an online health insurance provider, commissioned the survey, which questioned 1,010 adults on health insurance terms and their own policy.

About 25% of adults report that they knew what the terminology used in their health insurance policy meant; 50% of respondents were certain how much they paid for their monthly health insurance premiums; and 45% on annual deductibles.

The research also finds Americans believe certain measures -- such as side-by-side comparisons of policies (71%), live assistance with questions (65%) and a glossary of health insurance terms (57%) -- would help increase their understanding of health insurance terminology and policies.

"It's clear Americans lack a basic understanding of health insurance terms, which may prevent them from selecting the health plan best suited to their individual needs," said Sam Gibbs, senior vice president of eHealth. "But as costs increase and responsibility for coverage shifts to the individual, these terms are becoming increasingly relevant to consumers' daily lives and their well-being."

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