How to Read an EOB in Plain English

Your Explanation of Benefits, decoded field by field.

An EOB is one of the most confusing documents in healthcare — and one of the most important. Here's exactly what every field means.

STOP — AN EOB IS NOT A BILL. DO NOT PAY IT. An Explanation of Benefits (EOB) comes from your insurance company. It shows how a claim was processed. The actual bill comes separately from your provider. Wait for the provider's bill before paying anything.

Every Field, Decoded

Field	What It Actually Means
Billed Amount	The provider's "sticker price." Almost nobody pays this. Think of it as the opening number before negotiation.
Allowed Amount	The negotiated rate between your insurance and the provider. This is the real price being discussed — everything is calculated from this number, not the billed amount.
Adjustment	The difference between the billed amount and the allowed amount. This is a contractual discount — not an error. Your provider agreed to accept the lower rate.
Deductible Applied	How much of this claim was applied toward your annual deductible. Once your deductible is fully met, insurance starts paying its share.
Coinsurance / Copay	After your deductible, your share of the cost. Common mistake: people calculate coinsurance against the billed amount. It's calculated against the allowed amount — a much lower number.
Insurance Paid	What your insurance company actually paid the provider after all deductions and calculations.
Your Responsibility (Patient Owes)	The amount you may owe the provider. This should match the bill you receive. If it doesn't, there may be an error.

Errors Are Common — Here's What to Look For

Studies suggest **up to 80% of medical bills contain errors.** Your EOB is your best tool for catching them. Watch for:

- Services or dates you don't recognize
- The same service billed more than once (duplicate charges)
- The "Your Responsibility" amount not matching what the provider's bill says you owe
- Claims marked as denied — the EOB will show the reason code and your right to appeal

What to Do If Something Looks Wrong

1 **Compare the EOB to the provider's bill line by line.**
They should match on dates, services, and amounts. Any discrepancy is worth investigating.

2 **Call your provider's billing department.**
Ask them to explain any discrepancy. Request an itemized bill showing every charge separately — they are required to provide this.

3 **Call your insurance company.**
The number is on the back of your insurance card. Ask them to walk through why the claim was processed the way it was.

4 **If a claim was denied, appeal it.**
The EOB includes your appeal rights and deadline. Don't ignore denials — many are overturned when appealed.

5 **If you can't resolve it, escalate.**
File a complaint with your state insurance commissioner or CMS (cms.gov/medical-bill-rights).

Sources

- CMS (Centers for Medicare & Medicaid Services): cms.gov/medical-bill-rights/help/guides/explanation-of-benefits
- Patient Advocate Foundation: patientadvocate.org (understanding your EOB)
- HealthPartners: healthpartners.com/blog/explanation-of-benefits-vs-bill
- PIRG: pirg.org/edfund/resources/how-to-understand-a-medical-bill-and-eob

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