

# Should I Choose an HDHP?



A High Deductible Health Plan (HDHP) puts you more firmly in charge of your health care choices by holding you accountable for a greater portion of the costs of the health care services you use. Under the HDHPs, you must satisfy a higher annual deductible before the plan will begin paying benefits. However, the HDHPs also provide some incentives for taking on that responsibility:

- » **Lower Payroll Contributions:** Because you are assuming a larger part of your health care cost risk, the premiums for the HDHPs are lower.
- » **Tax Advantages:** Employees enrolled in the HDHPs may also enroll\* in a Health Savings Account (HSA), which allows you to set aside pre-tax money to use for eligible health care expenses, including your deductible and coinsurance.
- » **Preventive Care Fully Covered:** Preventive services (routine physicals, immunizations, gynecological exams, mammograms, etc.) are 100% covered, and not subject to the deductible.
- » **Catastrophic Expense Protection:** If you reach the out-of-pocket maximum, the plan will cover all further eligible expenses at 100% for the remainder of the calendar year.

## Is A HDHP/HSA Plan Right for Me?

- » **How Often Do I Use My Health Care Benefit?** If you are the type of person who sees a doctor once or twice a year for routine preventive care or the occasional treatment, electing an HDHP could save you money, simply because your payroll contributions for the HDHPs are less than your contributions for our other plan options.
- » **Am I Comfortable Assuming the Risk of a Higher Deductible?** If you or a family member requires medical care, you could be faced with more substantial out-of-pocket costs. However, as you build savings in your HSA, that risk diminishes because you can use your HSA to pay for your deductible and other eligible costs. Your HSA also gives you greater purchasing power, as the money you deposit is not subject to federal income taxes.



## Terms You Should Know:

A High Deductible Health Plan gives you more control over your health care expenses. If you take on that responsibility, make sure that you know these important insurance terms:

**Individual Deductible:** The amount you pay each year before the plan starts to pay a benefit (for employee-only enrollment).

**Family Deductible:** The amount you pay for care for your family before the plan starts to pay a benefit for any member of your family.

**Preventive Care:** Covered in full and not subject to the deductible.

**Coinsurance:** The portion of your medical charges paid by the insurance company after your deductible is satisfied.

**Out-of-Pocket Maximum:** The amount of money you can spend for the deductible, coinsurance and copays before the plan will pay 100% of any remaining eligible expenses for the rest of the plan year.

**Prescription Drugs:** Subject to the deductible, then coinsurance or copays apply.

**In-Network:** Providers have an agreement with the insurance carrier to charge a discounted fee.

You pay the in-network percentage of that fee, after deductible.

**Out-of-Network:** Providers can charge whatever they want. You pay the out-of-network percentage of the insurance company's 'reasonable and customary' (R&C) fee, plus any amount the provider charges in excess of R&C fee, after deductible.

\* Employees enrolled in an HDHP are eligible to enroll in the HSA so long as they are not covered by any other non-high deductible health plan, including Medicare.