IT'S YOUR MONEY

YOU DECIDE WHAT'S RIGHT FOR YOU

How Does the HDHP Compare?

The High Deductible Health Plan (HDHP) works similarly to our PPO plan, allowing you to see your choice of in-network or out-of-network providers, and paying a percentage of coinsurance after you have satisfied your deductible. The HDHP, however, features a higher deductible that must be satisfied before the plan will begin to pay benefits, and it allows you to enroll* in a tax-advantaged Health Savings Account (HSA) to be used to pay for eligible medical expenses (including your deductible and coinsurance).

The HDHP also has lower employee payroll contribution rates, compared to the PPO plan:

Coverage Tier	PPO Monthly Contributions	HDHP Monthly Contributions	Annual HDHP Contribution Savings
Single Employee	$116.13	$36.05	$960.96
Employee + Spouse	$431.81	$268.83	$1,955.76
Employee + Child(ren)	$369.51	$214.24	$1,863.24
Family	$667.23	$423.33	$2,926.80

Under the HDHP, after you have satisfied your deductible, you are responsible for paying 20% of the costs of in-network care you receive. This is the same coinsurance rate that the PPO plan features for many in-network services. Suppose, for instance, that you had an outpatient surgery. Both the HDHP and the PPO plan require you to pay 20% of those charges after satisfying your deductible. However, only the HDHP offers the option of using a Health Savings Account to pay these charges using tax-advantaged funds.

Look at the example to the right, and suppose that the employee in question is faced with a $1,000 hospital bill (assume, also, that deductible has been met for either plan). If the employee is enrolled in the HDHP and HSA, he can easily pay the hospital's bill from his Health Savings account. However, if the employee is enrolled in the PPO plan, he would have to pay the hospital out of his take-home pay or from another personal account.

** Employees enrolled in the 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.*

HSA Savings Advantages*

Let's look at an example of an employee's take-home pay, health plan contributions and health savings compared between the two plans over one year.

Assume the employee makes $40,000 per year, is enrolled in family coverage with a tax rate of 25%. Also assume that the employee deposits his annual payroll contribution savings from the HDHP into his HSA:

PPO PLAN:

$40,000 – ($667.23 x 12) = $31,993
Taxed at 25% = $23,994
Take Home Pay = $23,994
Health Savings = $0

HDHP with HSA:

$40,000 – ($423.33 x 12) = $34,920
– $2,926.80 to HSA = $31,993
Taxed at 25% = $23,994
Take Home Pay = $23,994
Health Savings = $2,926.80

While the employee's take-home pay in these examples remains the same, the HDHP with HSA allows the employee save an extra $2,926 to use for eligible medical expenses.

**Note: examples are for illustrative purposes only and should not be considered tax advice. Your individual situation may differ.*

FOR MORE INFORMATION

Visit your insurance carrier's web site or contact Human Resources.