

Example 3 – Single Employee with Major Medical Expenses

This example shows you how much a single person with major medical expenses will pay for care with each of the Medical Plan options. When deciding which Medical Plan is right for you, it is important to look at your total medical and prescription drug expenses, which include what you pay for services AND what you pay in paycheck deductions for each plan.

- Meet Bill**
- Bill is single. He doesn't smoke and gets his annual physical.
 - He uses in-network doctors, but he's had a tough year.
 - Let's pretend that he will need to:
 - Get his annual physical;
 - Go to the primary care doctor six times;
 - Visit a specialist six times;
 - Get three rounds of lab work;
 - Go to the ER twice because of his health condition;
 - Visit the hospital for inpatient surgery;
 - Visit a physical therapist eight times; and,
 - Fill three generic prescriptions at the pharmacy and two more generic prescriptions through home delivery.

The amounts shown are estimates for Bill's care under the plans. The numbers are for illustration purposes only. Please note Bill's annual physical was routine preventive care. So the plan covered his physical at 100% (shown as \$0 on the chart). Under the HSA Plus and HSA Basic some preventive, generic prescriptions are also covered at 100% (shown as \$0 on the chart). All other amounts show Bill's out-of-pocket costs and assume he used in-network providers.

	Cost of Care	HSA Plus	HSA Basic	PPO
Annual Deductible (Individual)		\$1,750	\$2,800	\$800
Out-of-Pocket Maximum (Individual)		\$3,500	\$5,000	\$4,000
Annual Medical Expenses:				
One annual physical	\$80 x 1	\$0 (covered 100%)		
Six primary care doctor visits	\$100 x 6	\$600	\$600	\$150 <i>(\$25 copay x 6)</i>
Three generic retail prescriptions	\$20 x 3	\$60	\$60	\$30 <i>(\$10 copay x 3)</i>
Six specialist doctor visits	\$140 x 6	\$840	\$840	\$140 <i>(\$35 copay x 4)</i>
Three rounds of lab work	\$100 x 3	\$255 Deductible Met <i>(\$250 toward deductible, 10% coinsurance of \$5 on remaining \$50)</i>	\$300	\$300
Two visits to the ER	\$1,500 x 2	\$300 <i>(10% coinsurance)</i>	\$1,400 Deductible Met <i>(\$1,000 toward deductible, 20% coinsurance on remaining \$2,000)</i>	\$1,000 Deductible Met <i>(\$500 toward deductible, 20% coinsurance on remaining \$2,500)</i>
In-patient surgery & hospital stay	\$25,000	\$1,445 Out-of-Pocket Met <i>(10% coinsurance of \$1,445 up to out-of-pocket maximum)</i>	\$1,800 Out-of-Pocket Met <i>(20% coinsurance of \$1,800 up to out-of-pocket maximum)</i>	\$2,380 Out-of-Pocket Met <i>(20% coinsurance of \$2,380 up to out-of-pocket maximum)</i>
Eight physical therapy visits	\$80 x 8	N/A	N/A	N/A
Two generic mail order prescriptions	\$85 x 2	N/A	N/A	N/A
Total expenses	\$30,690	\$3,500	\$5,000	\$4,000
Bill's Paycheck & Out-of-Pocket Costs:				
Annual paycheck deductions		\$924	\$360	\$1,680
Deductible amount paid by Bill		\$1,750	\$2,800	\$800
Other costs paid by Bill*		\$1,750	\$2,200	\$3,200
Annual Company-provided Contributions		(\$400)	(\$150)	N/A
Bill's Total Cost		\$4,024	\$5,210	\$5,680

*Includes copays and out-of-pocket costs after the deductible is met.

To calculate Bill's total cost, we added his annual out-of-pocket expenses (deductible + coinsurance and/or copayments + annual paycheck deductions) and subtracted his Company-provided HSA contributions. **The HSA Plus wins!**

If Bill chooses either HSA plan, he can increase his pre-tax savings by contributing more to his HSA. See how much he could save by:

	HSA Plus	HSA Basic
Saving the premium difference from the PPO	\$756	\$1,320
Saving up to the IRS HSA individual contribution limit	\$3,150	\$3,700

Once his HSA balance reaches \$500, he can even choose to grow his HSA dollars by investing them, just like a 401(k). This way, he has more money to cover medical expenses down the road when he needs them, like in retirement.