

Example 7 – Employee with Child(ren) with Few Medical Expenses

This example shows you how much a person with a child(ren) with fewer 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 Nicole

- Nicole has three kids. She and her kids are in good health and she doesn't use tobacco.
- They get their annual physicals, use in-network doctors, and have a pretty smooth year.
- Let's pretend that they will need to:
 - Get their annual physicals and the kids get their immunizations;
 - Take the kids to the primary care doctor eight times during the year; and,
 - Fill several prescriptions at the pharmacy and a few through mail order.

The amounts shown are estimates for Nicole's care under the plans. The numbers are for illustration purposes only. Please note everyone's annual physicals and the kid's immunizations were routine preventive care. So the plan covered them 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 Nicole's out-of-pocket costs and assume they used in-network providers.

	Cost of Care	HSA Plus	HSA Basic	PPO
Annual Deductible (Individual)		N/A	\$2,800	\$800
Annual Deductible (Family)		\$3,500	\$5,600	\$1,600
Out-of-Pocket Maximum (Individual)		N/A	\$5,000	\$4,000
Out-of-Pocket Maximum (Family)		\$6,850	\$10,000	\$8,000
Annual Medical Expenses:				
Four annual physicals	\$80 x 4	\$0 (covered 100%)		
Eight primary care doctor visits	\$100 x 8	\$800	\$800	\$200 <i>(\$25 copay x 8)</i>
Ten generic preventive retail prescriptions	\$20 x 10	\$0	\$0	\$100 <i>(\$10 copay x 10)</i>
One Tier 3 brand-name mail order prescription filled four times	\$340 x 4	\$1,360	\$1,360	\$544 <i>(40% copay)</i>
One generic retail prescription with two refills by mail order	\$20 x 1 + \$85 x 2	\$190	\$190	\$10 copay + \$50 <i>(\$25 copay x 2)</i>
Total expenses	\$2,870	\$2,350	\$2,350	\$904
Nicole's Paycheck & Out-of-Pocket Costs:				
Annual paycheck deductions		\$1,824	\$756	\$3,228
Deductible amount paid by Nicole		\$2,350	\$2,350	\$0
Other costs paid by Nicole*		\$0	\$0	\$904
Annual Company-provided Contributions		(\$800)	(\$300)	N/A
Nicole's Total Cost		\$3,374	\$2,806	\$4,132

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

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

If Nicole chooses either HSA plan, she can increase her pre-tax savings by contributing more to her HSA. See how much she could save by:

	HSA Plus	HSA Basic
Saving the premium difference from the PPO	\$1,404	\$2,472
Saving up to the IRS HSA individual contribution limit	\$6,400	\$6,900

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