

Example 9 – Employee with Child(ren) with Major Medical Expenses

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

- Rosa has three kids. She and her kids are typically in good health and she doesn't use tobacco.
- They get their annual physicals, use in-network doctors, but they develop some illness and have a pretty tough year.
- Let's pretend that they will need to:
 - Get their annual physicals and the kids get their immunizations;
 - Visit the primary care doctor six times;
 - Visit the specialist doctor twelve times;
 - Go to the ER once and be admitted to the hospital for two days of observation;
 - Have one in-patient surgery with a one day stay in the ICU;
 - Visit the physical therapist twelve times during recovery;
 - Fill fifteen generic prescriptions and two Tier 2 brand-name prescriptions at the pharmacy; and,
 - Fill four generic prescriptions and four Tier 2 brand-name prescriptions through mail order.

The amounts shown are estimates for Rosa'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 Rosa'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	\$3,400	\$800
Annual Deductible (Family)		\$3,500	\$5,600	\$1,600
Out-of-Pocket Maximum (Individual)		N/A	\$5,000	\$5,000
Out-of-Pocket Maximum (Family)		\$6,850	\$10,000	\$10,000
Annual Medical Expenses:				
Four annual physicals	\$150 x 4	\$0 (covered 100%)		
Six primary care doctor visit (Two for each kid)	\$150 x 6	\$900	\$900	\$240 (\$40 copay x 6)
Fifteen generic retail prescriptions (Five for each kid)	\$20 x 15	\$300	\$300	\$225 (\$15 copay x 15)
Twelve specialist doctor visits (Rosa)	\$250 x 12	\$2,370 Deductible Met (\$2300 toward Deductible, 10% coinsurance of \$70 on remaining \$700)	\$3,000	\$600 (\$50 copay x 12)
One generic mail order prescription plus three refills (Rosa)	\$85 x 4	\$0	\$0	\$120 (\$30 copay x 4)
One Tier 2 brand-name mail order prescription plus three refills (Rosa)	\$340 x 4	\$136 (10% coinsurance)	\$592 Individual Deductible Met (\$400 toward Deductible, 20% coinsurance of \$192 on remaining \$960)	\$408 (30% copay x 4)
One ER visit (Rosa's daughter)	\$1,200	\$120 (10% coinsurance)	\$1,040 Family Deductible Met (\$1,000 toward Family Deductible, 20% coinsurance of \$40 on remaining \$200)	\$0 (ER copay waived because she was admitted)
Two day hospital stay (Rosa's daughter)	\$4,000 x 2	\$800 (10% coinsurance)	\$1,600 (20% coinsurance)	\$2,240 Individual Deductible Met (\$800 toward Individual Deductible, 20% coinsurance of \$1,440 applies on remaining \$7,200)
One in-patient surgery with a day in the ICU (Rosa's daughter)	\$25,000	\$2,224 Out-of-Pocket Max Met (10% coinsurance of \$2,224 up to OOP Max)	\$1,960 Individual Out-of-Pocket Max Met (20% coinsurance of \$1960 to satisfy the Individual OOP Max)	\$2,605 Individual Out-of-Pocket Max Met (20% coinsurance of \$2605 up to the Individual OOP Max)
Twelve physical therapy visits (Rosa's son)	\$150 x 12	\$0	\$360 (20% coinsurance)	\$1,000 Family Deductible Met (\$800 towards Family Deductible 20% coinsurance of \$200 on remaining \$1000)
Two Tier 2 brand-name retail prescriptions (Rosa)	\$275 x 2	\$0	\$110 (20% coinsurance)	\$165 (30% copay x 2)
Total expenses	\$43,050	\$6,850	\$9,862	\$7,603
Rosa's Paycheck & Out-of-Pocket Costs:				
Annual paycheck deductions		\$2,412	\$996	\$4,080
Deductible amount paid by Rosa		\$3,500	\$5,600	\$1,600
Other costs paid by Rosa*		\$3,350	\$4,262	\$6,003
Annual Company-provided Contributions		(\$800)	(\$300)	N/A
Rosa's Total Cost		\$8,462	\$10,558	\$11,683

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

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

If Rosa 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	\$1,668	\$3,084
Saving up to the IRS HSA individual contribution limit	\$7,950	\$8,450

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.