

Example 10 – Family with Few Medical Expenses

This example shows you how much a family 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 Sanjay

- Sanjay and his wife have two kids. The family is generally in good health and he and his wife don't use tobacco.
- They get their annual physicals, use in-network doctors, and except for a few expensive medications, they have a pretty smooth year.
- Let's pretend that they will need to:
 - Get their annual physicals and the kids get their immunizations;
 - Go to the primary care doctor eight times during the year for allergies and colds; and
 - Fill quite a few prescriptions at the pharmacy and several through mail order.

The amounts shown are estimates for Sanjay's care under the plans. The numbers are for illustration purposes only. Please note everyone's annual physicals and the kids' 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 plans, some preventive, generic prescriptions are also covered at 100% (shown as \$0 on the chart). All other amounts show Sanjay'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	\$3,500	\$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%)		
Eight primary care doctor visits	\$150 x 8	\$1,200	\$1,200	\$320 (<i>\$40 copay x 8</i>)
Fifteen generic preventive retail prescriptions	\$20 x 15	\$0	\$0	\$225 (<i>\$15 copay x 15</i>)
Two Tier 2 brand-name retail prescriptions & three Tier 2 brand-name mail order prescriptions	\$275 x 2 + \$340 x 3	\$550 + \$1,020	\$550 + \$1,020	\$165 (<i>30% coinsurance x 2</i>) + \$306 (<i>30% copay x 3</i>)
Two generic retail prescriptions & three generic mail order prescriptions	\$20 x 2 + \$85 x 3	\$40 + \$255	\$40 + \$255	\$30 (<i>\$15 copay x 2</i>) + \$90 (<i>\$30 copay x 3</i>)
Total expenses	\$3,965	\$3,065	\$3,065	\$1,136
Sanjay's Paycheck & Out-of-Pocket Costs:				
Annual paycheck deductions		\$4,020	\$1,668	\$6,948
Deductible amount paid by Sanjay		\$3,065	\$3,065	\$0
Other costs paid by Sanjay*		\$0	\$0	\$1,136
Annual Company-provided Contributions		(\$800)	(\$300)	N/A
Sanjay's Total Cost		\$6,285	\$4,433	\$8,084

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

To calculate Sanjay'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 Basic wins!**

If Sanjay 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	\$2,928	\$5,280
Saving up to the IRS HSA family contribution limit	\$8,200	\$8,700

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.