

Example 12 – Family with Major Medical Expenses

This example shows you how much a family 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 Simone

- Simone and her husband have three kids. The family gets their annual physicals and uses in-network doctors.
- She and her husband don't use tobacco, but this is a rocky year due to several serious health conditions and a sports injury.
- Let's pretend that they will need to:
 - Get their annual physicals and the kids get their immunizations;
 - Go to the primary care doctor ten times and the specialist 24 times;
 - Go to the ER then be admitted to the hospital for two days;
 - Have an inpatient surgery and stay in the ICU for two days;
 - Visit the physical therapist twelve times;
 - Fill twenty-five generic prescriptions at the pharmacy and twelve through mail order; and
 - Fill two Tier 2 brand-name prescriptions at the pharmacy and two through mail order.

The amounts shown are estimates for Simone'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 Simone'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:				
Five annual physicals	\$150 x 5	\$0 (covered 100%)		
Ten primary care doctor visits (Two visits each)	\$150 x 10	\$1,500	\$1,500	\$400 (\$40 copay x 10)
Twenty-five generic preventive retail prescriptions (Five each)	\$20 x 25	\$0	\$0	\$375 (\$15 copay x 25)
Twenty-four specialist doctor visits (Ten visits each for Simone and her husband and four for her oldest son)	\$250 x 24	\$2,400 Family Deductible Met (\$2,000 toward family deductible, 10% coinsurance of \$400 on the remaining \$4,000)	\$4,480 Family Deductible Met (\$4,100 toward family deductible, 20% coinsurance of \$380 on remaining \$1,900)	\$1,200 (\$50 copay x 24)
Twelve generic mail order prescriptions (Four each for Simone, her husband and her oldest son)	\$85 x 12	\$102 (10% coinsurance)	\$204 (20% coinsurance)	\$360 \$30 copay x 12
One ER visit (Simone's daughter)	\$1,200	\$120 (10% coinsurance)	\$240 (20% coinsurance)	\$0 (ER copay waived because she was admitted)
Two day hospital stay (Simone's daughter)	\$4,000 x 2	\$800 (10% coinsurance)	\$1,600 (20% coinsurance)	\$2,240 Daughter's Individual Deductible Met (\$800 toward individual deductible, 20% coinsurance of \$1,440 on remaining \$7,200)
One inpatient surgery with two days in the ICU (Simone's husband)	\$25,000	\$1,928 Family Out-of-Pocket Max Met (10% coinsurance of \$1,928 to satisfy the family OOP max)	\$1,976 Family Out-of-Pocket Max Met (20% coinsurance of \$1,976 to satisfy the family OOP max)	\$4,225 Family Deductible + Husband's Individual Out-of-Pocket Max Met (\$800 to reach family deductible and \$3,425 to satisfy the husband's individual OOP max)
Twelve physical therapy visits (Simone's oldest son)	\$150 x 12	\$0	\$0	\$360 (20% coinsurance)
Two Tier 2 brand-name retail prescriptions and two mail order prescriptions (Simone's husband)	\$275 x 2 + \$340 x 2	\$0	\$0	\$0
Total expenses	\$47,000	\$6,850	\$10,000	\$9,160
Simone's Paycheck & Out-of-Pocket Costs:				
Annual paycheck deductions		\$4,020	\$1,668	\$6,948
Deductible amount paid by Simone		\$3,500	\$5,600	\$1,600
Other costs paid by Simone*		\$3,350	\$4,400	\$7,560
Annual Company-provided Contributions		(\$800)	(\$300)	N/A
Simone's Total Cost		\$10,070	\$11,368	\$16,108

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

To calculate Simone'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 Simone 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	\$2,928	\$5,280
Saving up to the IRS HSA family contribution limit	\$8,200	\$8,700

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.