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 Melissa

Melissa has one daughter and she doesn't use tobacco. Her daughter is typically in good health, but Melissa has a health condition.

- 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 her daughter gets her 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 Melissa'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). All other amounts show Melissa's out-of-pocket costs and assume they used in-network providers.

	Cost of Care	CDHP	PPO
Annual Deductible (Individual)		$3,750	$1,250
Annual Deductible (Family)		$7,500	$3,000
Out-of-Pocket Maximum (Individual)		$4,500	$4,000
Out-of-Pocket Maximum (Family)		$9,000	$8,000
Annual Medical Expenses:			
Four annual physicals	*$250 x 2*	$0 (covered 100%)	
Three primary care doctor visits (Melissa's Daughter)	*$80 x 3*	$240	$75 *($25 copay x 3)*
Three 31-day generic retail prescriptions (Melissa's Daughter)	*$30 x 3*	$90	$21 *($7 copay x 2)*
Two primary care doctor visits (Melissa)	*$80 x 2*	$160	$50 *($25 copay x 2)*
One generic 90-day mail order prescription (Melissa)	$50 x 1	$50	$14 *($14 copay)*
Twelve specialist visits (Melissa)	*$110 x 12*	$1,320	$480 *($40 copay x 12)*
Eight preferred brand 90-day mail order prescriptions (Melissa)	$100 x 8	$800	$700 **Individual Deductible Met** *($300 to satisfy family prescription for first 3, $80 copay on remaing 5 prescriptions)*
Twelve rounds of lab work (Melissa)	*$500 x 12*	$1,878 **Individual Deductible Met** *($1,420 to satisfy deductible, 10% coinsurance on remaining $4,580)*	$2,200 **Individual Deductible Met** *($1,250 to satisfy deductible, 20% coinsurance on remaining $4,750)*

	Cost of Care	CDHP	PPO
Two In-patient surgeries with one day in ICU and one in hospital each (Melissa)	*$17,000 x 2*	$1,092 **Individual Out-of-Pocket Max Met**	$556 **Individual Out-of-Pocket Max Met**
Total expenses	***$42,950***	**$5,630**	**$4,096**
Melissa's Paycheck & Out-of-Pocket Costs:			
Annual paycheck deductions		$1,358	$3,764
Deductible amount paid by Melissa		$4,080	$3,000
Other costs paid by Melissa*		$1,550	$1,096
Annual Company-provided Contributions		($2,000)	N/A
Melissa's Total Cost		**$4,988**	**$7,860**

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

To calculate Melissa'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 CDHP wins!**