

Example 3 – Single Employee with Major Medical Expenses

This example shows you how much a single person 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 Bill

- Bill is single. He doesn't smoke and gets his annual physical.
- He uses in-network doctors, but he's had a tough year.
- Let's pretend that he will need to:
 - o Get his annual physical;
 - o Go to the primary care doctor six times;
 - o Visit a specialist six times;
 - o Get three rounds of lab work;
 - o Go to the ER twice because of his health condition;
 - o Visit the hospital for inpatient surgery;
 - o Visit a physical therapist eight times; and,
 - o Fill three generic prescriptions at the pharmacy and two more generic prescriptions through home delivery.

The amounts shown are estimates for Bill's care under the plans. The numbers are for illustration purposes only. Please note Bill's annual physical was routine preventive care. So the plan covered his physical at 100% (shown as \$0 on the chart). All other amounts show Bill's out-of-pocket costs and assume he used in-network providers.

	Cost of Care	Value Medical	HDHP with HSA	Basic PPO	Preimum PPO
Annual Deductible (Individual)		\$5,000	\$2,400	\$1,200	\$600
Out-of-Pocket Maximum (Individual)		\$8,150	\$6,000	\$4,000	\$3,000
Annual Medical Expenses:					
One annual physical	\$80 x 1	\$0 (covered 100%)			
Six primary care doctor visits	\$100 x 6	\$180 (\$30 copay x 6)	\$600	\$180 (\$30 copay x 6)	\$180 (\$30 copay x 6)
Three generic retail prescriptions	\$20 x 3	\$30 (\$10 min copay x 3)	\$60	\$30 (\$10 min copay x 3)	\$30 (\$10 min copay x 3)
Six specialist doctor visits	\$140 x 6	\$300 (\$50 copay x 6)	\$840	\$300 (\$50 copay x 6)	\$300 (\$50 copay x 6)
Three rounds of lab work	\$50 x 3	\$150	\$150	\$150	\$150
Two visits to the ER	\$2,000 x 2	\$400 (\$200 copay x 2)	\$1,400 Deductible Met (\$750 toward deductible, 20% coinsurance on remaining \$3,250)	\$400 (\$200 copay x 2)	\$600 (\$300 copay x 2)
In-patient surgery & hospital stay	\$25,000	\$7,090 Deductible Met + Out-of-Pocket Met	\$2,950 Out-of-Pocket Met	\$3,090 Out-of-Pocket Met	\$1,740 Out-of-Pocket Met (\$1,300 copay, 20% on balance until OOP max)
Eight physical therapy visits	\$80 x 8	N/A	N/A	N/A	N/A
Two generic mail order prescriptions	\$85 x 2	N/A	N/A	N/A	N/A
Total expenses	\$31,540	\$8,150	\$6,000	\$4,000	\$3,000

	Cost of Care	Value Medical	HDHP with HSA	Basic PPO	Preimum PPO
Bill's Paycheck & Out-of-Pocket Costs:					
Annual paycheck deductions		\$336	\$1,032	\$1,680	\$2,340
Deductible amount paid by Bill		\$5,000	\$1,500	\$1,200	\$200
Other costs paid by Bill*		\$3,150	\$4,500	\$2,800	\$2,800
Annual Company-provided Contributions		N/A	(\$500)	N/A	N/A
Bill's Total Cost		\$8,486	\$6,532	\$5,680	\$5,340

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

To calculate Bill's total cost, we added his annual out-of-pocket expenses (deductible + coinsurance and/or copayments + paycheck deductions) and subtracted his Company-provided HSA contribution. **The Premium PPO plan wins.**

If Bill chose either of the HSA, he could also benefit from making pre-tax contributions to his HSA account to use now and in the future.

	HSA Basic
Saving up to the IRS HSA individual contribution limit	\$4,400

Once his HSA balance reaches \$1,000, 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.

Remember, this is an example, your actual costs may vary.