Example 8 – Employee with Child(ren) with More Medical Expenses

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

- Nathan has three kids. He and his kids are in good health and he doesn't use tobacco.
- They get their annual physicals, use in-network doctors, but this is a bumpy year filled with injuries and medications.
- Let's pretend that they will need to:
  - Get their annual physicals and the kids get their immunizations;
  - Visit the specialist doctor twice during the year;
  - Visit the primary care doctor seven times during the year;
  - Go to the urgent care three times and get an X-ray each time
  - Have an out-patient surgery and six physical therapy visits due to one of the injuries; and,
  - Fill twenty generic prescriptions at the pharmacy, six through mail order, and a four brand formulary prescription at pharmacy and refill it five times through mail order.

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 Nathan's out-of-pocket costs and assume they 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
Annual Deductible (Family)		$10,000	$4,800	$2,400	$1,200
Out-of-Pocket Maximum (Individual)		$8,150	$6,000	$4,000	$3,000
Out-of-Pocket Maximum (Family)		$16,300	$12,000	$8,000	$6,000
Annual Medical Expenses:					
Four annual physicals	*$80 x 4*	$0 (covered 100%)			
Two specialist doctor visits (Nathan)	*$140 x 2*	$100 ($50 copay x 2)	$280	$100 ($50 copay x 2)	$100 ($50 copay x 2)
One non-preferred brand retail prescription & refilled three times by mail order (Nathan)	$275 x 1 + $400 x 3	$25 ($25 copay x 1) + $150 ($50 copay x 3)	$1,475	$25 ($25 copay x 1) + $150 ($50 copay x 3)	$25 ($25 copay x 1) + $150 ($50 copay x 3)
One primary care doctor visit (Nathan's daughter)	*$100 x 1*	$30 ($30 copay)	$100	$30 ($30 copay x 1)	$30 ($30 copay x 1)
One generic mail order prescription (Nathan's daughter)	*$85 x 1*	$25 ($25 min copay)	$85	$25 ($25 min copay)	$25 ($25 min copay)
Six primary care doctor visits (Two for each kid)	*$100 x 6*	$180 ($30 copay x 6)	$600	$180 ($30 copay x 6)	$180 ($30 copay x 6)
Twelve generic retail prescriptions (Four for each kid)	*$20 x 12*	$120 ($10 min x 12)	$240	$120 ($10 min x 12)	$120 ($10 min x 12)
Three urgent care visits (One for each kid)	*$90* x 3	$150 ($50 copay x 3)	$270	$150 ($50 copay x 3)	$150 ($50 copay x 3)
Three X-rays (One for each kid)	*$150* x 3	$450	$450	$450	$450
	Cost of Care	Value Medical	HDHP with HSA	Basic PPO	Preimum PPO
		$4,895	$2,504	$1,840	$995

Out-patient surgery (Nathan's son)	*$5,000*	**Individual Deductible Met** *($4,850 to satisfy **individual deductible**, 30% coinsurance)*	**Individual Deductible Met** *($1,880 to satisfy **individual deductible**, 20% coinsurance on remaining $3,120)*	**Individual Deductible Met** *($1,500 to satisfy **individual deductible**, 20% coinsurance on remaining $3,950)*	**Individual Deductible Met** *($550 to satisfy **individual deductible**, 10% coinsurance on remaining $4,450)*
Three generic retail prescriptions + two refills for one of them (Nathan's son)	*$20 x 5*	$50 ($10 min copay x 5)	$50 ($10 min. x 5)	$50 ($10 min. x 5)	$50 ($10 min copay x 5)
Six physical therapy visits (Nathan's son)	*$80 x 6*	$300 ($50 copay x 6)	$96	$300 ($50 copay x 6)	$300 ($50 copay x 6)
Total expenses	***$9,400***	**$6,475**	**$7,625**	**$3,420**	**$2,575**
Nathan's Paycheck & Out-of-Pocket Costs:					
Annual paycheck deductions		$516	$1,944	$3,372	$4,020
Deductible amount paid by Nathan		$5,345	$5,000	$1,030	$1,200
Other costs paid by Nathan*		$1,130	$2,625	$2,390	$1,375
Annual Company-provided Contributions		N/A	($750)	N/A	N/A
Nathan's Total Cost		**$6,991**	**$8,819**	**$6,792**	**$6,595**

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

To calculate Nathan'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.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 Nathan chose the HSA, he could also benefit from making pre-tax contributions to his HSA account to use now and in the futu

	HSA Basic
Saving up to the IRS HSA individual contribution limit	$8,750

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.