

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,
 - Go to the primary care doctor once other illnesses; 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 kid's immunizations were routine preventive care. So the plan covered them 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	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%)			
Eight primary care doctor visits	\$100 x 8	\$240 (\$30 copay x 8)	\$800	\$240 (\$30 copay x 8)	\$240 (\$30 copay x 8)
Fifteen generic retail prescriptions	\$20 x #	\$150 (\$10 min copay x 15)	\$300	\$150 (\$10 min copay x 15)	\$300
Two preferred brand retail & three preferred brand mail order prescriptions (Sanjay)	\$275 x 2 + \$340 x 3	\$165 (30% copay x 2) + \$306 (30% copay x 3)	\$1,570	\$165 (30% copay x 2) + \$306 (30% copay x 3)	\$165 + \$404 Individual Deductible Met (\$335 toward individual deductible, 10% coinsurance on remaining \$685)
One primary care doctor visit (Sanjay's wife)	\$100 x 1	\$30 (\$30 copay)	\$100	\$30 (\$30 copay)	\$30 (\$30 copay)
Lab tests (Sanjay's wife)	\$50 x 1	\$50	\$50	\$50	\$50
Two generic retail prescriptions & three generic mail order prescriptions (Sanjay's wife)	\$20 x 2 + \$85 x 3	\$20 (\$10 min copay x 2) + \$50 (\$25 min copay x 2)	\$295	\$20 (\$10 min copay x 2) + \$50 (\$25 min copay x 2)	\$295
Total expenses	\$3,435	\$1,011	\$3,115	\$1,011	\$1,484
Sanjay's Paycheck & Out-of-Pocket Costs:					
Annual paycheck deductions		\$1,620	\$5,196	\$6,240	\$7,404
Deductible amount paid by Sanjay		\$50	\$3,115	\$50	\$1,145
Other costs paid by Sanjay*		\$961	\$0	\$961	\$339
Annual Company-provided Contributions		N/A	(\$1,000)	N/A	N/A
Sanjay's Total Cost		\$2,631	\$7,311	\$7,251	\$8,888

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

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

If Sanjay chose 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	\$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.