Example 12 – Family with Major Medical Expenses

This example shows you how much a person with 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 husband had three kids. The family gets their annual physicals and use in-network doctors..
- She and her husband don't use tobacco, but this is a rocky year due to several serious health conditions.
- 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 ER then is admitted to the hospital for two days;
  - Have an in-patient surgery and stay in the ICU for two days;
  - Visit the physical therapist twelve times; and,
  - Fill twenty-seven prescriptions at the pharmacy and fourteen 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 kid's immunizations were routine preventive care. So the plan covered them 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	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:					
Five annual physicals	*$80 x 5*	$0 (covered 100%)			
Ten primary care doctor visits	*$100 x 10*	$300 ($30 copay x 10)	$1,000	$300 ($30 copay x 10)	$300 ($30 copay x 10)
Twenty-five generic retail prescriptions	*$20 x 25*	$250 ($10 min copay x 25)	$500	$250 ($10 min copay x 25)	$250 ($10 min copay x 25)
Twenty-four specialist doctor visits (Simone's husband 12 times and each of he sons 6 times)	*$140 x 24*	$1,200 ($50 copay x 24)	$3,432 **Family Deductible Met** ($3,360 toward deductible, 20% coinsurance copay on remaining $360)	$1,200 ($50 copay x 24)	$1,200 ($50 copay x 24)
Twelve preferred brand mail order prescriptions (Simone's husband and sons 4 each)	*$340 x 12*	$1,224 (30% copay x 12)	$1,224 (30% copay x 12)	$1,224 (30% copay x 12)	$1,488 **Family Deductible Met** ($1,200 toward family deductible, 10% coinsurance on remaining $2,880)
One ER visit (Simone' daughter)	*$2,000*	$200 ($200 copay)	$400	$200 ($200 copay)	$300 ($300 copay)
Two day hospital stay (Simone's daughter)	*$3,000 x 2*	$5,300 **Individual Deductible Met** *$5,000 copay, 30% coinsurance on remaining $1,000)*	$1,200	$3,200 **Individual Deductible Met** *$1,200 copay, $1,300 copay 20% coinsurance on remaining $3,500)*	$600

	Cost of Care	Value Medical	HDHP with HSA	Basic PPO	Preimum PPO
One in-patient surgery with two days in the ICU (Simone's husband)	*$25,000* + $6,000 x 2	$7,826 **Family Deductible Met & Out-of-Pocket Max Met**	$4,244 **Family Out-of-Pocket Max Met**	$1,626 **Out-of-Pocket Max Met**	$1,862 **Family Out-of-Pocket Max Met**
Twelve physical therapy visits (Simone's oldest son)	*$80 x 12*	N/A	N/A	N/A	N/A
Two brand formulary retail prescriptions and two mail order prescriptions (Simone's oldest son)	$275 x 2 + $340 x 2	N/A	N/A	N/A	N/A
Total expenses	***$56,530***	**$16,300**	**$12,000**	**$8,000**	**$6,000**
Simone's Paycheck & Out-of-Pocket Costs:					
Annual paycheck deductions		$1,620	$5,196	$6,240	$7,404
Deductible amount paid by Simone		$8,150	$5,000	$2,400	$1,200
Other costs paid by Simone*		$11,300	$7,000	$5,600	$4,800
Annual Company-provided Contributions		N/A	($1,000)	N/A	N/A
Simone's Total Cost		**$21,070**	**$16,196**	**$14,240**	**$13,404**

**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 + paycheck deductions) and subtracted her Company-provided HSA contribution. With a less than $150 difference, the **Premium PPO plans** wins!

If Simone chose the HSA, she could also benefit from making pre-tax contributions to her HSA account to use now and in the future.

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

Once her HSA balance reaches $1,000, 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.

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