

## Example 11 – Family of Five with More Medical Expenses

This example shows you how much a family of five 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 Linda

- Linda is married and has three older active kids who all play team sports. Her husband quit smoking years ago so all family members are tobacco-free.
- Everyone in the family goes to the doctor for his/her physical, wellness visit and shots each year. In addition to preventive care, the family has a tough year with quite a few sports injuries, which results in an MRI, C-T scan, X-rays, two surgeries and physical therapy.
- Her husband finally decides to see an allergy specialist after months of sneezing and wheezing.
- Let's pretend that the family will need to:
  - Get five wellness visits;
  - Go to the primary care doctor twelve times;
  - Visit a specialist fifteen times;
  - Go to an urgent care clinic three times;
  - Get care for two major sports injuries — two ER visits, two X-rays, a C-T scan, an MRI, two outpatient surgeries, and six physical therapy sessions;
  - Get one round of allergy testing and nine rounds of allergy shots; and,
  - Fill ten generic prescriptions at the pharmacy and eight more generic prescriptions through home delivery.

The amounts shown are estimates for the family's care under both plans. The numbers are for illustration purposes only. Please note all the annual wellness exams, wellness visits and immunizations were routine preventive care. So the plan covered all of these visits at 100% (shown as \$0 on the chart). All other amounts show Linda's out-of-pocket costs and assume the family used in-network providers.

|  | <i>Cost of Care Details</i> | <b>CDHP</b>        | <b>PPO</b>              |
|--|-----------------------------|--------------------|-------------------------|
| Annual Deductible (Family)   |                             | \$7,500            | \$2,000                 |
| Out-of-Pocket Maximum (Family)   |                             |                    | \$7,000                 |
| <b>Annual Medical Expenses:</b>  |                             |                    |                         |
| Five preventive care visits — wellness exams for Mom and Dad, wellness visits and immunizations for three kids | \$250 x 5                   | \$0 (covered 100%) | \$0 (covered 100%)      |
| Twelve primary care doctor visits  | \$80 x 12                   | \$960              | \$300 (\$25 copay x 12) |
| Fifteen specialist visits  | \$110 x 15                  | \$1,650            | \$525 (\$35 copay x 15) |

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|   | Cost of Care Details          | CDHP   | PPO   |
|---|-------------------------------|--|---|
| <b>Annual Medical Expenses (cont.):</b>   |                               |  |   |
| Three trips to urgent care  | \$180 x 3                     | \$540  | \$150 (\$50 copay x 3)  |
| Allergy testing and nine allergy shots  | \$525<br>+<br>\$35 x 9        | \$840  | \$840   |
| Two trips to the ER   | \$800 x 2                     | \$1,600  | \$1,248<br><b>Deductible Met</b><br><i>(\$1,160 to satisfy deductible + 20% coinsurance on remaining \$440)</i> |
| Two X-rays, a C-T scan and an MRI   | \$500 x 2<br>+<br>\$1,100 x 2 | \$1,910<br><b>Deductible Met</b><br><i>(\$2,410 to satisfy deductible, then Plan pays 100% of all remaining costs)</i> | \$640<br><i>(Already met deductible, 20% coinsurance for care)</i>  |
| Two outpatient surgeries  | \$6,000 x 2                   | \$0  | \$2,400<br><i>(Already met deductible, 20% coinsurance for the surgeries)</i>                                   |
| Six physical therapy visits post-surgery  | \$90 x 6                      | \$0  | \$108<br><i>(Already met deductible, 20% coinsurance for the surgeries)</i>                                     |
| Ten 31-day, retail generic drugs and eight 90-day, generic maintenance medications filled via home delivery | \$30 x 10<br>&<br>\$50 x 8    | \$0  | \$50 (\$5 copays x 10)<br>+<br>\$80 (\$10 copay x 8)  |
| <b>Total expenses</b>   | <b>\$23,280</b>               | <b>\$7,500</b>   | <b>\$6,301</b>  |
| <b>Linda's Paycheck &amp; Out-of-Pocket Costs:</b>  |                               |  |   |
| Annual paycheck deductions  |                               | \$1,502  | \$4,095   |
| Deductible amount paid by Linda   |                               | \$7,500  | \$2,000   |
| Other costs paid by Linda*  |                               | \$0  | \$4,301   |
| Annual Partnership-provided HSA Contribution  |                               | -\$2,000   | N/A   |
| <b>Linda's Total Cost</b>   |                               | <b>\$7,002</b>   | <b>\$10,396</b>   |

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

To calculate the family's total cost, we added the annual out-of-pocket expenses (deductible + coinsurance and/or copayments + annual paycheck deductions based on the non-tobacco user rates) and subtracted Linda's Partnership-provided HSA contribution. As you can see, your savings are much greater with the CDHP! Linda could also save even more by making her own HSA contribution and lowering her taxable income.