

## Health Insurance

### Health Insurance plans, what's the difference?

**HMO-** This is a managed care plan where a primary care physician is responsible for your care and provides referrals to specialists as needed. The plan has co payments for all services, (including hospitalization). You can only go out of network for emergencies. There is usually no deductible or co-insurance.

**PPO-** This is a plan where you can go to any Doctor in the network without a referral from a primary care physician. This plan also has deductibles and co-insurance.

**Deductibles-**An amount you agree to pay for services other than Doctor Visits or prescriptions. (Doctor Visits and prescriptions are covered as co payments and do not count towards the deductible.) EXAMPLE: \$1000 deductible, which you pay before the insurance company pays for additional services.

**Co-Insurance-**An amount after the deductible has been satisfied where both you and the insurance company share in the cost. EXAMPLE: \$3000 co-insurance on an 80/20 plan. The insurance company pays 80% and you pay 20% until you have spent the \$3000. Then the insurance pays 100% of all services through the year. You could also have a 70/30 or 50/50 plan in which case the insurance pays the 70% and the 50% and you pay the balance up to the co-insurance maximum.

**POS-** Point of Service (Three Tier combination of HMO, PPO, Out of network) this type of plan is very successful if you want more coverage than from an HMO or a PPO. The major benefit is you can go to either the HMO or PPO or out of network part of the plan and pay the appropriate fees. When you use the HMO Doctors you follow those rules and pay the HMO fees. If you use the PPO Doctors you follow those rules and pay the PPO fees. Out of network simply costs too much and should be avoided whenever possible. The one difference in the PPO side of the plan is that lab, X-ray and emergency room fees are co pays and do not go towards the deductible.

**CDHP-** Consumer Driven High Deductible-These are simply a PPO with a high deductible to keep the premium costs lower. EXAMPLE: A \$5000 deductible plan where the insurance only pays for amounts in excess of the \$5000. This type of plan has no fixed co-payments for Doctor Visits or prescriptions. You pay the contracted rate the insurance company pays for services. EXAMPLE: The Doctor charges \$140 for his services and the insurance company rate is \$85. You pay the \$85 and the Doctor accepts that as payment in full for his services. The insurance company credits the \$85 against the \$5000 deductible. It works that way for all services including prescription medications.

**HSA** (Health Savings Accounts)-a bank account whereby you put money away tax free to offset the out of pocket medicals expenses paid using a CDHP type plan.

**HSA Accounts**-These are bank accounts that you control to pay your out of pocket medical expenses with pre-tax dollars. The government controls how much you can put into the account each year and determines what legitimate services are covered. You can learn more by going to [www.ustreas.gov/offices/public-affairs/hsa/](http://www.ustreas.gov/offices/public-affairs/hsa/)

- You can choose to save up to \$3,050 for an individual and \$6,150 for a family (If you are over 55 you can save an extra \$1,000 which means \$4,050 for an individual and \$7,150 for a family) - and these contributions are 100% tax deductible from gross income.
- Minimum annual deductibles for qualified plans are \$1,200 for self-only coverage or \$2,400 for family coverage.
- Annual out-of-pocket expenses (deductibles, co-payments and other amounts, but not premiums) cannot exceed \$5,950 for self-only coverage and \$11,900 for family coverage.
- These figures change each year so watch for our annual updates.