



Understanding High Deductible Health Plans

If you are one of the growing numbers of people with a high deductible health plan (HDHP), managing your healthcare costs is probably a top priority. HDHPs -- also known as “consumer-directed health plans” -- have lower premiums than traditional health plans. The trade-off is that these plans also have a higher deductible — a fixed dollar amount you must pay out-of-pocket before your plan begins covering your care. Your coverage starts once you “meet” your deductible. This means that your

out-of-pocket costs will typically be higher than with a traditional plan.

But even in a high deductible plan, there are ways for you to control your costs. The key is understanding your plan and your options.

Do I Have a High Deductible Plan?

High deductibles are most often used with Preferred Provider Organization (PPO) plans, but they can also be used in Health Maintenance Organization (HMO) plans or Point of Service (POS) plans. Read through your plan documents, ask your employer or call your health plan to find out what type of plan you have and how much you will have to pay before your coverage starts.

What Will I Have to Pay?

Before you meet your deductible, you generally have to pay the full cost when you visit the doctor or fill a prescription. Under the Affordable Care Act, many plans including HDHPs will cover preventive services like prenatal care, cancer screenings and smoking cessation programs before you meet your deductible and without having to pay a co-pay or co-insurance. Keep in mind that this applies to services provided by in-network providers.

After you meet your deductible, you may still have to pay co-pays and/or co-insurance for covered medical services and prescription drugs.

Remember that your plan may have different deductibles for single and family coverage. Also, your plan may have separate deductibles for different types of services, like in-network and out-of-network care. Before you visit the doctor, read through your plan documents, call your plan or visit their website or talk to your employer so that you know exactly what’s covered and what you will need to pay before and after you meet your deductible.

How Do I Pay for Care?

If you have a high deductible plan, you may be able to set up a savings plan to help pay for eligible medical expenses. These plans let you or your employer put aside pre-tax money to offset your deductible. If you

still have money in your account after you meet your deductible, you can use it for co-pays, co-insurance and other types of costs.

There are two main types of flexible spending plans:

- With a Health Savings Account (HSA) you contribute a portion of your pre-tax salary each year up to a preset limit. It is usually deducted right from your paycheck. Your employer may contribute to your HSA, too. Then, you can use the money in your account to pay for your medical expenses (except for your premium). Your HSA belongs to you. That means that you can keep it even if you change employers and you can carry over the money in your account from year to year. If your employer doesn't offer an HSA you may be eligible to open one with a local bank (or online).
- With a Health Reimbursement Arrangement (HRA) your employer, not you, contributes to your account. Then, you can use the money to pay for your medical expenses before and after you meet your deductible. Because the HRA is set up and managed by your employer, you usually can't carry over money that's left at the end of the year. And, if you change jobs, you will lose access to your HRA.



How Will I Know When I Meet My Deductible?

In most cases, you will need to meet your deductible every plan year, which is not always the same as a “calendar” year. Your deductible usually “resets” at the start of each plan year.

When you visit your doctor or have a procedure, you or your provider submits a claim to your health plan. Your plan will track the cost of the service and apply eligible costs to your deductible. To find out what your plan considers to be an eligible cost, read through your plan documents or contact your plan with any questions.

The explanation of benefits (EOB) form that your plan sends after you receive a service will show whether you have met your deductible or not. If you are still below the limit, your EOB will say that the plan has not paid for the service and you will need to pay the full cost. If you have met your deductible, your EOB will show how much your plan paid, according to its rules. You can also call your plan and ask how close you are to meeting your deductible.

It's a smart idea to keep track on your end, too. If your HSA or HRA offers a debit card, save the receipts from any payments you make with it. Be sure to keep a record and copy of all your healthcare receipts and claims, along with how much should be applied to your deductible. That way you can make sure that your health plan is recording your payments and applying them to your deductible correctly.

Know Before You Go

If you haven't met your deductible, it's a good idea to know how much your service will cost *before* you visit the doctor. You can estimate your out-of-pocket costs for services on the FH[®] Medical Cost Lookup. The “estimated charge” is what will apply to you.

You can also ask your doctor directly how much a procedure or service will cost. If you stay in your plan's network, your doctor will usually charge your plan's in-network “contracted rate” even if you are paying the whole amount out-of-pocket because you have not yet met your deductible. If you go out-of-network, the cost will usually be higher than the in-network contracted rate.

Ask Your Healthcare Professional About Lower-Cost Options

In some cases, you may want to talk to your doctor about the cost of your care. Your doctor might be willing to accept a lower fee or let you pay in installments over time. You can also ask about lower cost options for your care. For instance, you will pay much less for generic drugs than brand names, or for a pill or injection that can be taken at home instead of in a doctor's office.

Take Prevention Seriously

The best way to keep your healthcare costs low is to stay healthy. Of course, that's not always possible, but we can reduce our health risks by taking care of ourselves. Find out what preventive services are covered -- before and after you meet your deductible and take advantage of recommended screenings and regular checkups. Make an effort to eat a healthy diet, get regular exercise, quit smoking and manage your stress.

Your Action Plan: Get the Most Out of Your High Deductible Plan

If you are enrolled in a high-deductible plan, these tips can help you manage your costs:

- Learn more about your plan by reading your plan documents carefully and asking your employer or health plan if you have any questions. Make sure you know:
 - The type of plan you have (PPO, HMO or POS);
 - The deductible amount;
 - When your plan year begins and ends;
 - Which services are covered *before* you meet your deductible, like check-ups and other preventive care;
 - Which services and medications are covered *after* you meet your deductible; and
 - How much you will pay for covered medical services and prescription drugs after you meet your deductible (Is there a co-pay? Co-insurance?).
- Ask if your employer offers a health savings account (HSA) or a health reimbursement arrangement (HRA). If not, you may be eligible to open an account with a local bank (or online). Learn more about HSAs and HRAs by reading *A New Look at Flexible Spending Accounts*.
- Check the IRS list of "qualifying healthcare expenses" to see what types of healthcare costs you can pay for with your HSA.
- Keep a record and copy of all of your healthcare receipts and claims. This will help you keep track of your expenses and know when you have met your deductible.
- If you haven't met your deductible, call your healthcare professional or estimate your costs on the FH Medical Cost Lookup or FH Dental Cost Lookup on www.fairhealthconsumer.org to get an idea of how much you can expect to pay for services.
- Talk to your healthcare professionals about less expensive options for your care.
- Get recommended preventive screenings and regular checkups and talk to your doctor about what you can do to stay healthy.



And remember, you are your own best advocate. Speaking up and asking questions up front can help you keep your healthcare costs under control.

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