

TOPIC: Choosing the Right Health Care Plan



Choosing a Health Plan



Deciding which health plan is right for you depends on many factors, including your family situation, age, current health, anticipated health care needs and available plan options.

It's a good idea to assess your needs and identify your priorities so you know what to look for in a plan.

Assess your needs

Consider a few questions to help predict what medical services you will need in the next year. For example:

- Does anyone who will be covered by the plan see a specialist for a chronic condition?
- Do you or your family members take any prescriptions regularly, and what is the actual discounted cost of each prescription (contact your pharmacy for cost)?
- Do you have balances in your current HRA account? Any leftover HRA funds from prior years HRA balances can be transferred **ONLY** to one of the two HRA plans.
- Is anyone in your family planning a pregnancy? You can estimate your out-of-pocket cost and compare the plan cost to assist you in making your decision on health care plans.

Estimate costs

Given your health care needs and priorities, estimate how much you'll pay during the year under each of your plan choices. Be sure to include premiums, co-pays, prescription costs and other products and services in your assessment.

Identify priorities

Rate the importance of health plan features and factors in light of your family's needs. Features and factors to consider include:

Co-pay amounts	Some plans require co-payments for any physician or other healthcare office visit for regular illnesses. All plans cover certain preventive care at 100%.
Monthly premium	Lower monthly premiums can save you money. They also mean you may have to pay a higher amount toward your care before the health plan contributes. Higher premiums may provide more coverage with no extra payment, such as a co-pay.
Annual deductible	This is the amount you need to pay before your health insurance contributes to your costs. Higher deductibles generally lower your monthly premiums. Consider how much you can afford to pay out of your own pocket or from a health account, such as a flexible spending account (FSA) or health savings account (HSA), if your healthcare expenses suddenly rise.
Preventive services	Annual checkups and routine screenings, such as breast mammograms and cancer screenings, are key to staying healthy and lowering your overall medical costs. Many preventive screenings are covered at 100% under healthcare reform. Visit www.myuhc.com for details.
Health Savings Account or Flexible Spending Accounts	Plans with certain limits on your annual deductible and out-of-pocket expenses can qualify you to open and save in a health savings account (HSA). Your employer does offer an HSA-qualifying plan, or you may buy one yourself on your own at a qualified financial institution. If you elect one of the two HRA medical plans, you may open a flexible spending account (FSA) to help reduce your out-of-pocket costs and your income tax liability.

AFTER REVIEWING YOUR PRIORITIES.....DETERMINE:

- **STEP 1: REVIEW THE DIFFERENT PLAN DESIGNS (DEDUCTIBLES, OUT-OF-POCKET MAXIMUMS, CO-INSURANCE LEVELS, CO-PAYS, ETC...) COMPONENTS OF HOW EACH MEDICAL PLAN PAYS FOR BOTH MEDICAL SERVICES AND PRESCRIPTIONS?**
 1. See the Plan Comparison in your “Employee Benefit Guide”, to see how the different plans pay and what your medical cost may be under each plan.
 2. Remember the HSA Plan has a \$3,000 (single) \$6,000 (family) deductible that an employee would have to reach before the plan starts paying at 80%. You always receive the network discounts while you are satisfying the deductible and out-of-pocket amounts. The HSA plan is the only plan where both medical and prescriptions both go toward the deductible. After the out-of-pocket is met you have 100% coverage for the remainder of the year for both medical and prescriptions. (\$6,000 deductible and \$12,000 out-of-pocket for family coverage)
 3. The HRA plans have the higher utilized medical services (physician office visits, urgent care, and emergency room) available with a co-pay plus 20% co-insurance or just a co-pay for physician and urgent care visits in the HRA-\$500 plan.
 4. The \$500 HRA means that the District pays an additional one-time amount per year of \$500 to offset your annual deductible of \$2,300 for single coverage.

- **STEP 2: HOW DO I (OR MY DEPENDENTS) CURRENTLY USE THE MEDICAL AND PRESCRIPTION DRUG PLANS?**
 1. On a list, write down actual cost (total discounted cost) of the prescription drugs that you or covered family members take on an annual basis (this will be used to see if the HSA is a viable option).
 2. Then take the same prescriptions and determine what your prescription drug deductible and co-pays would be for the exact same prescriptions for the whole year in both the HRA-Base and HRA-\$500 Plans.
 3. Then estimate the real discounted cost of your “known medical cost” such as doctors visits, labs, diagnostic exams that you have on an annual basis (this will be used to see if the HSA is a viable option).
 4. Then take the same “known medical cost” and determine which of these services have co-pays (Doctors office visit, urgent care, emergency room) vs. which medical services go toward your deductible in both the HRA-Base and HRA-\$500 Plans.
 5. Add your “known annual medical cost” together to come up with your total annual amounts spent on both medical services and prescription cost over the last year. This will assist you with determining whether to enroll in the HSA or in one of the (2) HRA Plans. You will need to use the Plan Comparison in your book, to see what your medical cost would be under each plan.

- **STEP 3: DETERMINE THE PREMIUMS FOR EACH PLAN FOR THE LEVEL OF COVERAGE THAT YOU ARE CONSIDERING (SINGLE, PLUS DEPENDENT, FAMILY)?**
 1. Look at the differences in the monthly premium cost for each plan and multiply the difference by 12 to get the annual additional cost for selecting the HRA-Base or HRA-\$500 plan. This is a critical step in determining the total cost to make sure that you select the right plan.

- **STEP 4: ARE THERE ANY BALANCES LEFT IN MY CURRENT HRA PLAN (VISIT WWW.MYUHC.COM FOR ANY BALANCE)?**
 1. Either call UHC using the number on the back of your insurance card and ask, or visit www.myuhc.com to look up any balances that you may have in your HRA funds that the District provided for employees. If you have money left, any balances will transfer into one of the HRA plans, but cannot be transferred in to the new HSA due to IRS rules. Any balances are not a primary reason to enroll in one plan vs. another...but it needs to be considered.

- **STEP 5: COMPARE STEPS 1-4 USING ANNUAL COST ESTIMATES AND MAKE YOUR FINAL DECISION. IF YOU DO YOUR HOMEWORK YOU SHOULD BE READY TO DETERMINE WHICH MEDICAL PLAN SELECTION YOU NEED TO MAKE AT OPEN ENROLLMENT:**

RULES OF THUMB:

HSA PLAN:

- May be the right choice for those single employees who are in excellent health with very little prescription drug cost on a monthly or annual basis. If this is you then, if eligible, you may want to deposit pre-tax payroll earnings into a HSA account that can be used to pay for your out-of-pocket medical expenses during the year. The HSA is your account, earns interest, and you can change your deduction amounts up to 4 times/year without a change in status (more flexible than an FSA) and there is no “use-it-or-lose-it rule” since it’s your money.

A good “rule of thumb” is if you have any prescriptions where the discounted cost is more than \$60/month (single premium for HRA-Base) then you may want to consider other factors including enrolling in one of the HRA plans. The HRA plans have prescription drug coverage after the annual prescription deductible is met...then you just have co-pays for the remainder of the year.

- May be the right choice for those single employees with unfortunately very high cost medical claims. The out-of-pocket maximum of \$6,000 (single only) is your total out-of-pocket cost that you pay before the plan covers both medical service and prescriptions at 100%. If this is you then, if eligible, you would want to deposit pre-tax payroll earnings into a HSA account that can be used to pay for your out-of-pocket medical expenses during the year. The HSA is your account, earns interest, and you can change your deduction amounts up to 4 times/year without a change in status (more flexible than an FSA)

A good “rule of thumb” is if your current out-of-pocket cost medical and/or prescription cost are more than \$6,000 in a given year, then this plan has potentially the lowest out-of-pocket exposure, including the HRA Plans...and even lower than the current HRA Plan, since prescription cost do not erode your deductible or out-of-pocket cost in either of the HRA’s.

- May be the right choice if you have other medical coverage with a spouse since it’s free for the single employee. The additional medical plan will pay as a secondary insurance plan as long as the plan has a coordination of benefits coverage....which most do.

A good “rule of thumb” is if you have other coverage, you would not want to pay the premium if the other medical plan pays most of the cost. If the secondary plan is also a high deductible plan, then you may consider paying the additional premium for one of the HRA plans if you have higher than average prescription drug cost, or frequent use of the medical plan.

HRA-BASE PLAN:

- May be the right choice for those with additional family members covered. The more dependents you have, the higher the risk of having medical or prescription drug cost.
- This plan has office visits, urgent care, and emergency room co-pays, without any deductible considerations. You pay the co-pay then 20% of the remaining network discounted balance. It also has prescription drug co-pays after you reach an annual prescription deductible of \$200/person (maximum of 3).
- Beginning in 2014, the annual deductibles will go toward your out-of-pocket maximums due to Healthcare Reform Changes.

A good “rule of thumb” is if you are covering dependents, have higher cost prescription drugs, or frequently visit the doctor’s office then choosing a HRA plan might be the best plan for you since you have co-pays without first reaching a higher deductible. Look at the additional premium cost for having this plan and compare this to the added benefit for having this plan.

HRA-\$500 PLAN:

- May be the right choice for those with additional family members covered. The more dependents you have, the higher the risk of having medical or prescription drug cost.
- This plan has office visits, urgent care, and emergency room co-pays, without any deductible considerations. You pay the co-pay for office visits, urgent care, and emergency room visits, and only the emergency room has a 20% share of the remaining network discounted balance. It also has prescription drug co-pays after you reach an annual prescription deductible of \$150/person (maximum of 3).
- Beginning in 2014, the annual deductibles will go toward your out-of-pocket maximums due to Healthcare Reform Changes.

A good “rule of thumb” is if you are covering dependents, have higher cost prescription drugs, or frequently visit the doctor’s office, then choosing a HRA plan might be the best plan for you since you have co-pays without first reaching a higher deductible. Look at the additional premium cost for having this plan and compare this to the added benefit for having this plan. Also consider that this plan also pays \$500 in HRA funds that offsets your deductible.