HAP IS HERE

Helping You Understand Cost Sharing

How you share in the costs of your health plan

Every health plan is unique. Your specific benefits and costs depend on which plan you choose. But, before you choose a health plan, make sure to look beyond the monthly premium to see the real costs. And you should understand what your share of those costs will be.

To learn more about your health plan's coverage, check your Summary of Benefits and Coverage. To find the SBC, visit **hap.org**. Members can log in and click on the *My Benefits* link.

What is cost sharing?

Cost sharing is when you and your health plan each pay part of the cost for covered services, medications and medical supplies. Your share of these expenses is also known as out-of-pocket costs. Cost sharing may include copays, deductibles and coinsurance, which are defined below. These costs are in addition to your monthly premium, which is the amount you pay each month for health coverage. Your cost-sharing responsibilities reset at the beginning of each benefit period, which is January 1 in most cases.

COPAY*

This is a set amount you pay each time for certain covered health care services, medications and other medical supplies. The copay amount can vary.

DEDUCTIBLE

Deductibles are the amount you owe for certain covered health care services before your health plan begins to pay for them. Your plan may include per-person deductible amounts and family deductible amounts. (See "More about deductibles" on Page 6.)

COINSURANCE

Your coinsurance is the percentage of the allowed amounts that you pay for certain covered services after your deductible has been met. Some plans don't have coinsurance.

OUT-OF-POCKET LIMIT**

Your out-of-pocket limit is the most you pay for covered services during a benefit period, usually a calendar year, before your plan begins to pay 100 percent of the allowed amount. All copays, coinsurance and deductible amounts count toward your out-of-pocket limit.

Note: These symbols are used throughout to help illustrate cost sharing.

*Copays don't count toward your deductible. You'll continue to pay copays after you've met your deductible until you reach your out-of-pocket limit. The out-of-pocket limit may not apply to grandfathered health plans.

**The out-of-pocket limit doesn't include your monthly premium or noncovered services.

A cost-sharing example

In the following scenario, Ben and his family have a health plan with a benefit period from Jan. 1 through Dec. 31. The plan includes:

- $35 doctor visit copay
- $20 generic drug copay
- $35 physical therapy copay
- $2,000 per-person and $4,000 family deductible
- 20 percent coinsurance
- $4,500 per-person and $9,000 family out-of-pocket limit

This is only an example of cost sharing. Your situation may be different.

Ben goes to his doctor for an annual checkup. The doctor asks about Ben's overall health, checks his weight and blood pressure and does other routine screenings. Ben's plan has no copay for this preventive care visit.

Later in the month, Ben hurts his shoulder in a skiing accident. Because he's in a lot of pain, Ben goes to his doctor. His plan has a **$35 COPAY** for a primary care office visit.

Ben's doctor writes a prescription for drugs to help with the pain and swelling. Ben fills the prescription at a local pharmacy. His plan has a **$20 COPAY** for generic drugs. That's a total of $55 out of Ben's pocket.

= $55

$55 toward Ben's out-of-pocket limit

Ben's shoulder pain isn't getting any better. To find out what's wrong, his doctor orders a test called an MRI. The bill for the MRI is $1,000. Since Ben's plan has a **$2,000 PER-PERSON DEDUCTIBLE**, he'll pay the full $1,000 for this service. He's now halfway toward meeting his deductible.

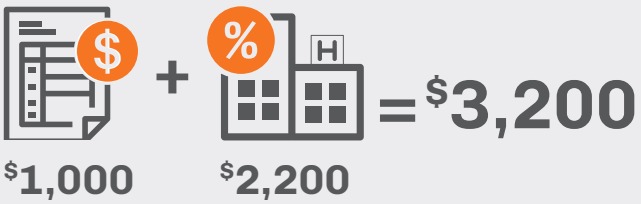
= $1,000

$1,055 toward Ben's out-of-pocket limit

MAR 1

Ben's MRI results show that he needs shoulder surgery. The surgery will require Ben to stay in the hospital overnight. The bill for Ben's surgery and hospital stay is $12,000. Because Ben has **$1,000 LEFT BEFORE HE MEETS HIS DEDUCTIBLE,** he'll pay the first $1,000 of the bill.

This leaves a balance of $11,000. Because Ben's plan has **20 PERCENT COINSURANCE** on certain covered services, he'll pay an additional $2,200 (20 percent of $11,000). Ben's health plan will pay the rest of the bill ($8,800). Ben's total cost for these services is $3,200. He has now met his per-person deductible for the year.



$4,255 toward Ben's out-of-pocket limit

APR - JUN 1

Ben's doctor orders three months of physical therapy to help his shoulder. His plan has a **$35 COPAY** per visit for the therapy and his doctor orders 10 visits. Until he meets his out-of-pocket limit, Ben will pay $35 at each therapy visit.

When he began physical therapy, Ben had already paid $4,255 toward his out-of-pocket limit of $4,500. After paying the copay for seven visits, he'll reach his out-of-pocket limit. Once he does, his health plan will pick up the remaining allowable amounts of all covered care for the rest of the benefit period, even those unrelated to his shoulder surgery.

$35 x 7 visits = $245

$4,500 toward Ben's out-of-pocket limit

OCT 1

Ben has a very sore throat and goes to the doctor. His doctor runs some tests that show Ben has strep throat. Ben's doctor writes a prescription for an antibiotic and he gets it filled at a local pharmacy. Because he has met his out-of-pocket limit, Ben doesn't pay for these services or for the prescription. Ben's health plan pays the full amount.

= $0

$4,500 out-of-pocket limit has been met

How does it all work together?

Copays, coinsurance and deductibles all add up to out-of-pocket limits. In our example, Ben met his out-of-pocket limit in June. This means that Ben's health plan will pick up all the remaining allowable amounts of his covered care for the rest of his benefit period. Since Ben's benefit period ends on Dec. 31, he doesn't have to pay for any covered services for the rest of the year.

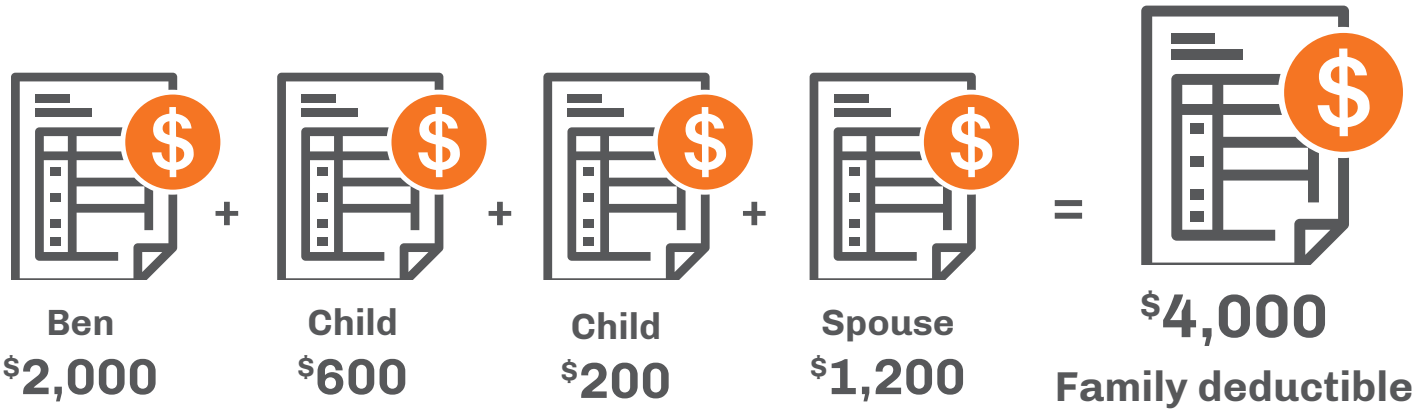
Summary of Ben's costs:

Amount Ben has paid												
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Copays							Out-of-pocket limit met. Ben's health plan pays 100 percent of the allowable amount for all covered services.					
Doctor's visit	$35											
Prescription	$20											
Physical therapy				$245								
Deductible												
MRI		$1,000										
Surgery			$1,000									
Coinsurance												
Surgery			$2,200									
Out-of-pocket limit ($4,500)	$55	$1,000	$3,200	$245								
	$4,500 total											

More about deductibles

This scenario is based on a health plan that covers Ben and his family with a $2,000 per-person deductible and a $4,000 family deductible.* Each person in Ben's family has a deductible. Once one family member has met the deductible, as Ben did, the health plan will pay for all covered services for that family member, even though the total family deductible hasn't been met.

It's important to note that a family can still meet its full deductible without each person meeting his or her own amount. When a family collectively meets the family deductible, all family members are considered to have met the deductible. For example, after surgery, Ben met his $2,000 deductible. This $2,000 would also count toward Ben's $4,000 family deductible. Since the per-person deductible is $2,000, Ben can only count $2,000 of his medical costs toward the family deductible, even though he had more costs (such as copays and coinsurance) throughout the year. These other costs count toward his out-of-pocket limit. Together, the rest of Ben's family members must meet the remaining $2,000 of their deductible.

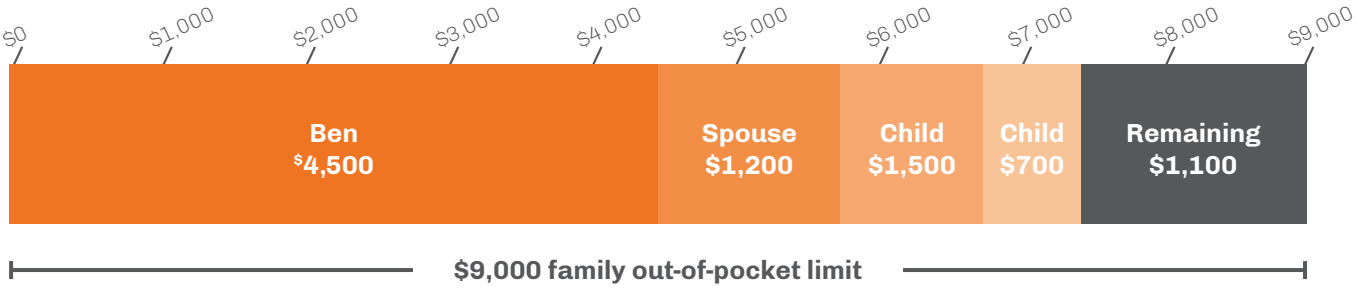


*If your plan has "HSA" in the name, you have a plan that's paired with a health savings account, called a "qualified high-deductible plan." These plans may have different types of deductibles. For more information about our HSA plans, visit **hap.org.**

Family out-of-pocket limit

Ben has met his $4,500 out-of-pocket limit. This also counts toward the $9,000 family out-of-pocket limit.

Collectively, Ben's spouse and their two kids met the remainder of the family deductible, but not the family out-of-pocket limit. His family continues to pay copays and coinsurance until they meet that limit.



For more information about our health plans, please visit **hap.org.**

Individual • Group • Medicare • Medicaid

hap.org | hap.org/blog

Subsidiaries

Alliance Health and Life Insurance Company® | ASR Health Benefits | HAP Midwest Health Plan | HAP Preferred Inc.

720 - 6/21