



Shifting Decisions to You

Maximizing Your High Deductible Health Plan

Research shows that informed consumers make better healthcare decisions. At a time when employers are increasingly offering *high deductible health plans* (HDHPs), it pays to be better informed.

What's a HDHP?

As the name implies, high deductible health plans have higher deductibles than traditional insurance plans in exchange for lower monthly premiums. The deductible is a fixed amount that a person/family must pay out-of-pocket in a given year before eligible healthcare expenses are paid for by the insurance company. Many medical services costs count toward the deductible; examples include hospitalizations, lab tests, physical therapy and medical devices.

Coinsurance or copays are also critical pieces of a HDHP. Coinsurance is a percentage of healthcare cost that a person must pay. Coinsurance can range from 0 to 50%. An 80/20 coinsurance means that the insurance company pays 80% of healthcare costs and you pay 20%. If your plan doesn't have coinsurance, it may require copays. A copay is a fixed amount (unlike coinsurance which is a percentage). For example, a health plan with copays may require patients to pay a \$25 copay for a doctor's visit that costs \$125. Coinsurance and copays are capped by the

health plan; this cap is called the out-of-pocket maximum. All plans are different and understanding the ins and outs of your plan is an important part of making informed decisions.

HDHPs are designed to make health insurance more affordable and to provide coverage for catastrophic illness. Many preventive screenings to keep you well or catch problems early (including colonoscopies and vaccinations) are covered benefits and available at no cost with a HDHP. While the IRS sets deductible minimums (see box), employers may offer HDHPs at higher levels (ex: \$5,000 for an individual) to keep the cost of monthly premiums down.

HSAs and HRAs

Health Savings Accounts (HSAs) and Health Reimbursement Arrangements (HRAs) are healthcare accounts that allow you to pay healthcare expenses with pre-tax dollars or with employer-provided funds.

A Health Savings Account (HSA) is a savings account for people enrolled in a HDHP. It is owned and controlled by the account holder and it is portable. If you change jobs, you take the HSA with you. Contributions to HSAs are tax-deductible and can build from year-to-year. While contributions are capped annually (see box), they can be made at any time (including through payroll deduc-

Limits Set by the IRS

Each year, the Internal Revenue Service (IRS) determines:

- What deductible amounts must be met in order for a policy to qualify as a HDHP. For 2018, deductibles must be at least \$1,350 for individuals and \$2,700 for a family.
- The out-of-pocket maximums for HDHPs, which for 2018, can be no higher than \$6,650 for individuals and \$13,300 for a family.
- HSA maximum contributions. For 2018, the maximum contribution is \$3,450 for an individual and \$6,900 for a family. People 55 or older can contribute an additional \$1,000 a year.

Let KnovaSolutions Lend a Helping Hand

KnovaSolutions can help you become an informed and engaged consumer of healthcare services. Call us when you need more information about your medical conditions, treatment options, medications, or when you have any questions about your health. We can also help you learn more about your HDHP and HSA.

KnovaSolutions

800/355-0885

Monday through Friday
7 am - 7 pm, CST

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tion), earn interest and can be invested. As an investment, HSAs are considered desirable because of the upfront tax deduction and because there are no tax penalties for withdrawing funds for healthcare expenses. Employers may also contribute to HSAs on behalf of their employees.

HRAs are employer-funded accounts used to reimburse employees for medical expenses. They are owned by the employer and can be used with any kind of insurance plan. Funds are usually available for use at the beginning of a plan year. The employer is the sole contributor and determines the annual contribution amount, whether the funds roll over from year-to-year and if they move with you if you change jobs.

Becoming Better Users

Having a HDHP means being responsible for more of our medical expenses. It's a way of being nudged to play a larger role in deciding what services to "buy." Buying healthcare can be challenging and confusing! Your KnovaSolutions clinician can help you become a more informed consumer of healthcare. Here are some sample ways:

- Have a primary care provider who you trust to oversee your care. Many conditions, such as diabetes and asthma, can be managed by a primary care provider.
- Prepare for doctor's appointments by making a list of questions to ask. Being well-prepared helps you get more out of the short time with your provider. If a procedure or test is recommended, ask about the risks and benefits, alternatives, and whether a 'wait and watch' approach is appropriate.
- Know what medications you take and for what conditions. Be sure you understand their benefits and potential side effects. Medications may need to change over time so ask your provider to review your medications regularly. Inquire about generics and alternatives to new, more expensive medications (if prescribed).
- Ask about cost since prices can vary widely. To estimate costs, ask your provider for a CPT (Current Procedural Terminology) code for the proposed service, along with other important details. For example, if a spine MRI has been ordered, you'll want to know the CPT code and if contrast dye is needed. Having the details will give you a more accurate estimate to compare prices among providers; this could save you hundreds, even thousands, of dollars.
- Tell your provider (doctor or hospital rep) that you have a HDHP and ask if there's a discount for paying cash. You may receive a considerable discount if your provider knows you will have to pay the cost out-of-pocket.

Maximizing Your HDHP

- Take an active role in making healthcare decisions (see above).
- Have preventive screenings. They can help avoid the need for more expensive services down the line.
- Use in-network providers. Insurers negotiate prices with providers, so you pay less when you see them. Check with your insurer to see if your provider is in-network.
- Shop pharmacies for the best prices for your prescriptions. Use this [site](#) to compare pharmacy prices.
- Use your HSA/HRA to pay for healthcare costs.
- Contact KnovaSolutions with your questions. Playing an active role in your healthcare will help you make decisions that are right for you. We're here to help. Call us at **800/355-0885**.