



# Deductibles

Making them as easy as 1, 2, 3.



Developed for you by Fallon Community Health Plan

When you sign up for health insurance, you are given a lot of information about the plan and its terms. All of that information—coming at you all at once—can be confusing! And, one of the most confusing elements of health insurance today is the deductible.

With this booklet, Fallon Community Health Plan hopes to make deductibles as easy as 1, 2, 3. On the following pages, we will help answer these questions:

1.

### What is a deductible?

Learn what “deductible” means and how it is associated with health insurance costs—plus, which types of services are subject to a deductible. See page 3.

2.

### How does a deductible work?

When will you be expected to pay for services and how much will you have to pay out of pocket? See pages 4-7.

3.

### How can a deductible save you money?

Information and examples of how you can save money with deductible carryovers, credits, health savings accounts, flexible spending accounts, and health reimbursement arrangements. See page 8.



#### Did you know?

Copayments are a specified amount of money that you, the insured, may pay each time a medical service is received. These payments usually do not count toward your deductible.

# 1.

## What is a deductible?

You may already be familiar with the term *deductible*. A deductible is a specific payment made toward the cost of a claim. In the case of health insurance, your deductible is a set dollar amount that you must pay out of your pocket before your health insurance provider will pay for certain medical services.

### What services are subject to a deductible?

If you receive a preventive service, you will not have to pay a deductible. **What are preventive services?** A preventive service is something you have done routinely or regularly to prevent illness, such as getting a flu shot or seeing your doctor for your annual physical. For these types of services, you won't pay a deductible, but may have to pay a copayment or coinsurance.

However, if you receive diagnostic services or treatments—in most cases—you will have to pay a deductible. **What are diagnostic services?** Diagnostic services and treatments diagnose conditions and treat or monitor illnesses. For example, if you have diabetes and receive a quarterly checkup for blood work, that's a **diagnostic service**.

Diagnostic services are sometimes performed during routine annual exams. You should talk to your doctor about all services being done—so you aren't surprised by any charges.



### Did you know?

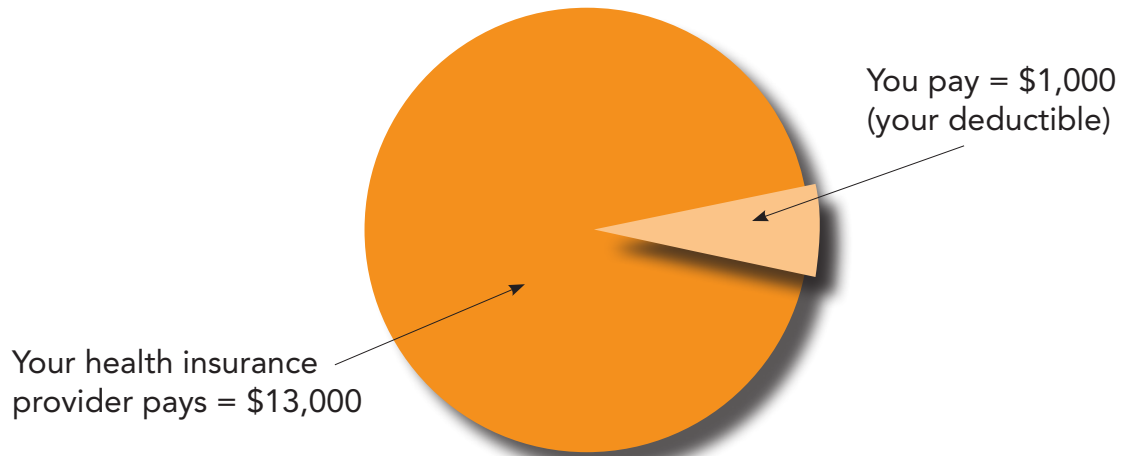
Medical services that are subject to a deductible vary, plan by plan. It's important to check your plan documents for specific cost-sharing details.

# 2.

## How does a deductible work?

When you have a deductible as part of your health insurance coverage, **you will have to pay for certain medical services until you reach, or satisfy, the total amount of your deductible.** For example, you may have a deductible of \$1,000. If you have surgery and the bill for that procedure and hospital stay is \$14,000, in most cases you will only be responsible for paying \$1,000 of that medical bill, plus any copayments or coinsurance fees that may apply.

Cost for surgery and hospital stay = \$14,000



Now, let's say you have to go in for another surgery the following month. Since you have already "satisfied" your \$1,000 deductible, you are no longer responsible to pay deductible charges for that year. However, you will most likely have other out-of-pocket costs, such as a copayment or coinsurance.

### Did you know?

Satisfying your deductible is a term used to explain whether or not you have reached or fulfilled the entire deductible amount for the plan year. For example, if you have paid \$650 out of pocket toward your \$1,000 deductible, your deductible has not yet been satisfied. Once your out-of-pocket expenses reach \$1,000, your deductible will be satisfied.

## When you will be expected to pay for services.

After you receive a medical service, your health insurance company will send you a Health Benefits Statement or Explanation of Benefits (EOB). This statement lists the medical services that were provided to you alongside the dollar amounts that have been paid by your health insurance and the dollar amounts—if any—that you may owe.

For most services, the provider of your medical services will bill your health insurance directly. Your health insurance company will then determine if your deductible has been satisfied. If your deductible has been satisfied, your health insurance will pay for the service, minus any copayment or coinsurance you are required to cover. If the deductible has not yet been satisfied, you are responsible to pay for the services received—this is your contribution toward the deductible. This information will be provided to you on your Health Benefits Statement or EOB.

If you do owe money for services, the provider of your medical services will send you a bill for this amount, less any copayment you may have paid, and **you pay that provider directly.**

**Sample Health Benefits Statement**

Your FCHP health plan has a deductible requirement. A deductible is a flat dollar amount that you must pay out of pocket before FCHP will make payments toward the benefits that are subject to the deductible.

When you receive health care services with expenses that are subject to the deductible, it will be included in your monthly Health Benefits Statement to show how the service has been paid and what you may be responsible for paying.

Your provider will also send you a bill for any amount due, and you should pay your provider directly. Once you have fulfilled the deductible amount, all covered services will be paid by FCHP, and you will be responsible to pay the applicable copayments or coinsurance amounts.

**Health Benefits Statement**

This Statement of Health Benefits shows your recent health care services that have been paid and your deductible amount to date. If you are responsible for any payment, you may have already received a bill directly from the provider of service or will receive one depending on the date the claim is processed.

Please keep this statement for your records. If you have any questions regarding your Health Benefits Statement, please contact Fallon Community Health Plan at 1-800-868-5200 (TTY users, please call TRS Relay 711), Massachusetts, Friday from 8 a.m. to 6 p.m., or visit fchp.org.

**Summary for 01/01/12-12/31/12**

To date you have satisfied \$105.07 of your \$500.00 individual deductible for the benefit year. \$563.00 has been satisfied of the \$2000.00 family deductible for the benefit year. The amount that has been accumulated toward the benefit year out-of-pocket amount is \$0.00.

Deductible Type	Amount Satisfied to Date	Amount Left to be Paid for Benefit Year
Individual	\$105.07	\$394.93
Family	\$563.00	\$1,436.93

Once you have paid the total deductible amounts for the benefit year, FCHP will pay for certain covered services. Please refer to your Member Handbook/Evidence of Coverage, Amendments and Schedule of Benefits for information on covered services.

Questions? Please call FCHP Customer Service at 1-800-868-5200 (TTY users, please call TRS Relay 711).

*FCHP sends out Health Benefits Statements on a monthly basis.*



### Did you know?

You should save your medical bills and statements. If you get a bill from your provider before you get your Health Benefits Statement, hold on to it. When your Health Benefits Statement arrives, it will outline what has been paid for by your health insurance and confirm what you owe.

## How much you are expected to pay out of pocket.

Once you've satisfied or met your deductible, you may have to pay copayments and/or coinsurance for certain services—but only until you hit your out-of-pocket maximum (OOPM). The OOPM is a limit to how much you'll have to pay out of your own pocket each year for services. In most cases, your deductible as well as your coinsurance and copayments will count toward the OOPM. Bear in mind, though, your monthly premium does not. To find out which items count toward the OOPM for your particular plan, you should review your plan documents.

### Out-of-pocket maximum (OOPM)

#### What counts toward the OOPM

- Deductible
- Coinsurance
- Copayments\*

#### What doesn't count toward the OOPM

- Monthly premium
- Copayments for prescriptions, chiropractic services, mental and behavioral services.\*

Also, in most cases, there is an embedded deductible. An embedded deductible is the most that any one family member will pay toward the deductible. So if a family has a plan with a \$2,000 family deductible, with a \$1,000 embedded deductible, no one member of that family will have to pay more than \$1,000 toward the deductible.

*\*These services may or may not count toward your out-of-pocket maximum. Please refer to your plan documents for details and information specific to your plan coverage.*



### Did you know?

Coinsurance is an amount you, the insured, may be required to pay as your share of the cost for services after you pay any deductibles. Coinsurance is usually a percentage of the total medical bill. For example, your plan may require you to pay 20% coinsurance on all prescriptions. If you have a prescription that costs \$50, you would be responsible to pay \$10, which is equal to 20% of the retail price. If you pay coinsurance, you usually do not have to pay a copayment.

## Example of how a deductible plan could apply to different services



### Example:

Sally hurt her elbow playing tennis. She goes to the emergency room, where X-rays are taken. Sally is sent home with a prescription for a generic pain medication. She then has a follow-up appointment with her primary care provider. He sends her home with a clean bill of health.

Sally has a \$1,000 deductible as part of her health insurance plan. She also has a \$25 copayment per office visit and a \$15 copayment for generic prescription drugs. Sally has not paid anything toward her deductible for this plan year. Here is an example of what costs Sally may be responsible for with her current health insurance plan:

### Services and types of payment required

Emergency room visit:	Deductible, then copayment
X-ray:	Deductible only
Prescription:	Copayment only
Doctor:	Copayment only

### Services and actual costs

ER visit and X-ray cost:	\$1,200
Sally owes:	<b>\$1,000</b> (toward deductible) <b>\$150</b> (copayment for ER)
Prescription cost:	\$75
Sally owes:	<b>\$15</b> copayment
Office visit cost:	\$160
Sally owes:	<b>\$25</b> copayment

Sally has satisfied her yearly deductible of \$1,000. For the remainder of her plan year, Sally will only have to pay copayments or coinsurance for covered medical services and prescriptions.

# 3.

## How can a deductible save you money?

### Deductible carryovers

Most deductibles run from year to year—typically January through December. (If you are a member through your employer, your employer may set different dates.)

At the beginning of each plan year, you start at \$0 and must satisfy your deductible before any services that are subject to the deductible are covered.

So typically, if you pay \$500 toward your deductible in November, on January 1, you're back to square one.

However, some health insurance plans offer what is called a "deductible carryover."

If you have a plan with a deductible carryover,

any amount that you paid toward your deductible during the last three months of one year can be carried over to the next plan year—and it will count toward satisfying your deductible!



### Did you know?

Deductible carryover plans can save you money! If you pay any dollar amount toward your deductible during the last three months of your plan year, that money could be used toward satisfying your deductible for the next plan year! Check with your health insurance plan to see if you're eligible for deductible carryovers.

### Deductible credits

Deductible credits are similar to carryovers. Say you're on a deductible plan, but then change to a different deductible plan through a new health insurance company, mid-year. If you are enrolling in a plan that accepts deductible credits, you will get a dollar-for-dollar credit for every applicable amount you paid toward your original deductible plan.



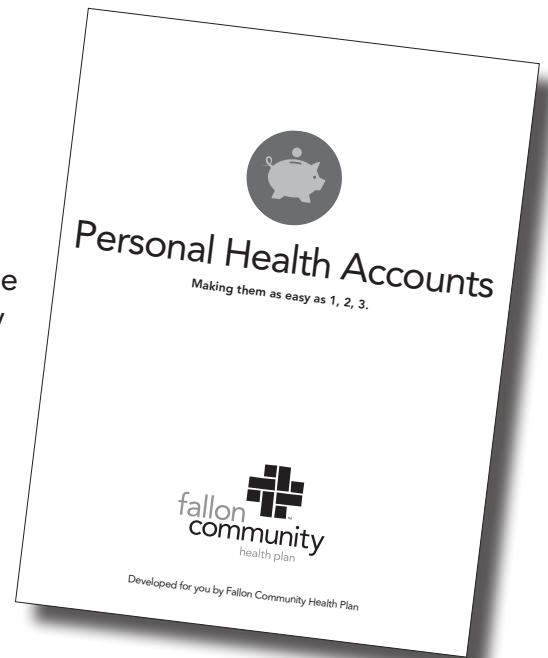
### Did you know?

Deductible credits can only be used for services that are subject to the deductible on both your new and old plan. For example, if you paid \$40 toward the deductible for a prescription on your old plan, that \$40 will only be credited to your new plan if prescriptions are subject to the deductible.



## HSAs, FSAs and HRAs

Health Savings Accounts (HSAs), Flexible Spending Accounts (FSAs), and Health Reimbursement Arrangements (HRAs) are a good way to get more for your health care dollar. These plans allow you to put aside money for your health care needs—tax-free—particularly those that would be subject to your deductible. However, there are several differences between HSA, FSA and HRA plans. To learn more about these personal health accounts, contact your health insurance plan or refer to Fallon Community Health Plan's booklet *Personal Health Accounts: Making them as easy as 1, 2, 3.*



### Did you know?

You should contact your employer or health insurance provider to see if you qualify for an HSA, FSA or HRA.

## Tips for making the most of your deductible plan

- **Shop around!** As with everything, medical costs can vary from place to place and from provider to provider. It's a good idea to ask your doctor what options are available and how you can get the best price for services so you have to pay less out of pocket.
- **Keep your statements.** Your health insurance company will provide you with statements to show how your medical services have been paid. These statements show the amount billed for medical services, the amount—if any—that you are responsible for, how much you have paid and how much has been paid by your health insurance. Hold on to your statements to help keep track of what you have paid toward your deductible, and to serve as proof of payment.
- **See your doctor.** Be sure to keep up with your preventive services. Get your annual physicals and your routine screenings. These services do not count toward your deductible, and in most cases you will not pay anything out of pocket.



### **Did you know?**

Hold on to your Health Benefits Statements. They help keep track of what you have paid toward your deductible so far, and to serve as proof of payment for the deductible carryover or deductible credit.

We hope that this booklet has made deductibles a little easier to understand. It is always a good idea to know the benefits and features of your health insurance coverage. To learn about Fallon Community Health Plan's (FCHP) deductible options or other plans that are available to you, please call:

**FCHP Customer Service at**

**1-800-868-5200**

**(TTY users, please call TRS Relay 711)**

Monday through Friday, 8 a.m. to 6 p.m.

or visit our Web site at: [www.fchp.org](http://www.fchp.org)





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