

Deductibles 101

A question-and-answer guide
to understanding your health
plan deductible.



What is a deductible?

Chances are, you're already familiar with the idea of a deductible. You probably have a deductible on your car insurance policy—it's that first \$500 or \$1,000 you have to pay before your insurance covers repair costs.

Much the same way, your health insurance deductible is a set dollar amount that you must pay out of your pocket before FCHP will pay for services.

As a general rule, preventive services are not subject to the deductible. For these types of services, you may have to pay a copayment (where you pay a set amount for services) or coinsurance (where you pay a percentage of the cost). What is considered "preventive?" Something you have done routinely or regularly to prevent illness, such as getting a flu shot.

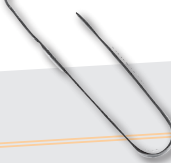
But if you go to the doctor every few months to monitor an existing illness to prevent it from getting worse, that's considered treatment. If you have diabetes and go in for a quarterly check-up for bloodwork, etc., that's a diagnostic service. Treatment and diagnostic services are usually subject to a deductible.

The lists on the back page give a more detailed list of items that are subject to the deductible. **However, your *Schedule of Benefits* offers the information most specific to your plan.**

OK, so how does this work?

All deductibles work pretty much the same way. Let's use auto insurance as an example. Say your car was damaged in a parking lot. The total cost to repair it is \$2,100. Since you have a \$500 deductible on your policy, you must pay that first \$500, and insurance will pay the rest. Same thing with health insurance, except that sometimes you may have a copayment or coinsurance after you've met the deductible.

Now, when you need to get your car repaired, you also tend to shop around a bit to get the best price so you have to pay less out of pocket, right? It makes just as much sense to consider all your options before having a medical procedure done, too. As with everything, costs can vary from place to place.



| | Auto insurance | Health insurance |
|--------------------------|----------------|---|
| Total cost | \$2,100 | \$2,500 |
| Deductible – you pay | <u>\$500</u> | <u>\$500</u> |
| Balance – insurance pays | \$1,600 | \$2,000 (minus any copayment or coinsurance that applies) |

How will I know if I've met my deductible?

For most services, your provider will bill FCHP after your visit/testing. We will then determine if your deductible has been satisfied. If your deductible has been satisfied, FCHP will pay for the service, minus any copayment or coinsurance you are required to cover. We'll also send you an Explanation of Benefits (EOB)/Health Benefit Statement that shows that the claim was paid. (Note that your provider has the right to contact us at the time of your visit to determine how much you have outstanding on your deductible, and request prepayment from you based on that.)

If the deductible has not yet been satisfied, we will send you an EOB/Health Benefit Statement that shows the amount you are responsible for. Your provider will then send you a bill for this amount, less any copayment you may have paid, and you pay the provider directly.

By the way, should you get a bill from your provider before you get our EOB/Health Benefit Statement, hold on to it. When the EOB/Health Benefit Statement arrives, it will outline what FCHP has paid.

TIP: Hold on to your EOBs/Health Benefit Statements to help keep track of what you have paid toward your deductible so far, and to serve as proof of payment for deductible carryover or deductible credit.

What was that about deductible carryover?

Most deductibles run from year to year—typically January through December. (If you are a member through a group, your group may set different dates.) At the beginning of each plan year, you start over at \$0 and must meet your deductible before many services are covered. But say you paid \$500 toward your deductible in November. Then on January 1, you're back to square one? We don't think that's fair! With Fallon Community Health Plan, any amount you pay toward your deductible during the last three months of one year can count toward the next year's deductible. Better still, this "deductible carryover" applies whether your old plan was through FCHP or not! (Note: The deductible carryover does not apply to FCHP Care Choice plans. In addition, employers may choose not to offer a deductible carryover.)

Is that the same as the deductible credit?

No, but it's similar. Say you're on a deductible plan, but then change to a different deductible plan mid-year. Does that mean you've lost everything you already paid toward your original deductible? No! With Fallon Community Health Plan, you will get a dollar-for-dollar credit for every applicable charge. Even if you're changing to FCHP from a different health insurance carrier.

So once I've met my deductible, I have to pay copayments and/or coinsurance for the rest of the year, right?

Right—until you hit our out-of-pocket maximum (OOPM), that is. The OOPM is a limit to how much you'll have to pay out of your own pocket each year. Though we hope you'll never reach that amount, it's nice to know it's there. Your deductible as well as some coinsurance and copayments would count toward the OOPM. Bear in mind, though, your monthly premium does not. The specific items that count toward the OOPM for your particular plan will be listed in your *Schedule of Benefits*.

I have a health savings account ^o or is it a health reimbursement account? Are they the same thing?

No, there are actually several differences between the two. Take a look at the chart below to see ways that they differ.



Health Savings Account (HSA)

Health Reimbursement Arrangement (HRA)

Only compatible with qualified high-deductible health plan (FCHP Care Choice)

Compatible with all plan design options

Employee chooses to set up account

Employer chooses to set up the account

Employer and/or employee can fund the account; contributions are tax-free

Employer funds the account; contributions are tax-free

IRS determines what you can use the funds for

Employer determines what you can use the funds for

You can take the money with you if you leave your employer

You cannot take the money with you if you leave your employer

Examples of how a deductible would apply to

Example one

Sally has knee pain. She visits her doctor. The doctor orders an X-ray. The doctor sends Sally home with a prescription for pain medication.



| | Office visit | X-ray | Prescription |
|--|----------------------------|------------|----------------------------|
| If Sally is a member of FCHP Select Care Choice 1250 , she is responsible to pay the following: | Deductible, then copayment | Deductible | Deductible, then copayment |
| If Sally is a member of FCHP Select Care Premium Saver 500 , she is responsible to pay the following: | Copayment | Deductible | Copayment |

Check your *Schedule of Benefits* for specific details.

different services and with different plans.



Example two

Bill has diabetes. He visits his doctor for his routine physical exam. While there, his doctor sends him for a blood sugar screening. He then visits the pharmacy for his insulin.

| | Office visit | Diagnostic screening | Prescription |
|---|---------------|----------------------|----------------------------|
| If Bill is a member of FCHP Direct Care Choice 2000 , he is responsible to pay the following: | \$0 copayment | Deductible | Deductible, then copayment |
| If Bill is a member of FCHP Direct Care Premium Saver 2000 , he is responsible to pay the following: | \$0 copayment | Deductible | Copayment |

Check your *Schedule of Benefits* for specific details.

Example three

Sue visits the doctor for her routine physical exam. While there, the doctor runs some preventive lab screenings.



| | Office visit | Preventive screening |
|---|---------------|----------------------|
| If Sue is a member of FCHP Select Care Choice 1250 , she is responsible to pay the following: | \$0 copayment | \$0 copayment |
| If Sue is a member of FCHP Select Care Premium Saver 1500 , she is responsible to pay the following: | \$0 copayment | \$0 copayment |

Check your *Schedule of Benefits* for specific details.

Example four

Mary delivers a baby in the hospital and is admitted for two days. She has *already fulfilled her deductible*, but not her out-of-pocket maximum.



Hospital stay

If Mary is a member of **FCHP Direct Care Choice 2000**, she is responsible to pay the following:

Nothing

If Mary is a member of **FCHP Direct Care Premium Saver 2000 with \$500 inpatient copayment**, she is responsible to pay the following:

Copayment

Check your *Schedule of Benefits* for specific details.

What will I pay a deductible for?

FCHP Care Choice plans

Subject to deductible

Ambulance transport
 Cardiac rehabilitation
 Chiropractic care
 Diagnostic procedures, such as EKGs, MRIs, X-rays and lab tests
 Durable medical equipment
 Early intervention
 Emergency room visits
 Home health care services
 Hospital inpatient services
 Hospital outpatient services
 Non-preventive office visits
 Occupational therapy
 Outpatient behavioral health
 Physical therapy
 Postnatal care
 Prescription medications
 Skilled nursing facility
 Speech therapy

Not subject to deductible

Prenatal care
 Preventive dental care
 Routine eye exam
 Routine gynecological exam
 Routine physical exam
 Screenings, including:

- Cholesterol screening
- Hepatitis C screening
- HIV testing
- Hypertension screening
- Immunizations
- Lead testing
- Mammogram
- Pap test
- Routine urinalysis

All other deductible plans

Subject to deductible

Ambulance transport
 Cardiac rehabilitation
 Chemotherapy
 Diagnostic procedures
 Dialysis
 Early intervention
 Emergency room visits (after 4/1/10)
 Home health care
 Most inpatient hospital services
 Occupational therapy
 Physical therapy
 Same-day surgery
 Skilled nursing care
 Speech therapy

Not subject to deductible

Consultations with specialists
 Emergency room visits (prior to 4/1/10)
 Exams for illness or injury
 Outpatient behavioral health
 Pediatric preventive dental care
 Postpartum care
 Prenatal care
 Routine eye exams
 Screenings, including:

- Cholesterol screening
- Hepatitis C screening
- HIV testing
- Hypertension screening
- Immunizations
- Lead testing
- Mammogram
- Pap test
- Routine urinalysis

Benefits may vary by employer, plan or product.



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