



## HIGH-DEDUCTIBLE HEALTH PLANS

Understanding the different plan design options and their relative pros and cons, can direct decisions for your organization on what to offer and can also assist in the employee communication strategy with plans changing from one type to another. The differences in each plan design govern the cost share that employees will be responsible for and also the relative cost of each plan as you work with your carrier partners for options.

	Deductible HMO Plan	POS Plan	HDHP with HSA
<b>What is it?</b>	An HMO plan that shares costs between the employer and employees, and offers lower premiums.	A plan that offers point-of-service (POS) care, with the option of choosing physicians and services from an external provider network.	A plan with a minimum deductible set by the IRS each year and all initial costs are paid subject to the deductible first, including office visits and prescriptions.
<b>What's the advantage for employees?</b>	<ul style="list-style-type: none"> <li>• Lower premiums than regular HMO plans.</li> <li>• Care coordinated by a primary care physician.</li> </ul>	Broader choice of primary care physicians.	<ul style="list-style-type: none"> <li>• Lower monthly premium costs.</li> <li>• Ability to utilize a health savings account (HSA) for qualified expenses.</li> </ul>
<b>Is there out-of-network coverage?</b>	No (except for emergencies).	Yes, but at a higher cost.	Yes, but at a higher cost.
<b>Copays?</b>	Yes, for things like office visits and prescriptions.	Yes (for in-network coverage) for things like office visits and prescriptions.	Not generally, all benefits subject to deductible and coinsurance before copays.
<b>Is a referral required to see a specialist?</b>	Usually.	Usually, depends on the specialist.	Usually, depends on the specialist.



## HDHP REIMBURSEMENT ACCOUNTS

Part of determining the medical plan design that is right for your organization is determining if a benefits account can accompany it and further assist employees with out-of-pocket costs. Not all plans can offer a health savings account or HSA but both plan options can offer advantages to employees.

	FSA: Flexible Spending Account	HSA: Health Savings Account
<b>What is it and who owns it?</b>	An employer-owned financial account used by employees to pay for qualified expenses.*	An employee-owned bank account used to pay for qualified medical expenses.*
<b>Who contributes?</b>	Employees.	Employees, employers, or both.
<b>What's the advantage for employees?</b>	<ul style="list-style-type: none"><li>• Contributions are pretax+.</li><li>• Only \$500 can roll over each year.</li><li>• Can make incremental contributions, but still use the full annual amount right away+.</li></ul>	<ul style="list-style-type: none"><li>• Contributions are pretax; can be invested+.</li><li>• Unused money rolls over indefinitely.</li><li>• Can use it to pay for dependent medical expenses.</li><li>• Keep the money even after job change or retirement.</li></ul>

\*Qualified medical expenses are described in IRS Publication 502, Medical and Dental Expenses, available at [irs.gov/publications](https://www.irs.gov/publications).

+Relates to federal income tax only. Consult with your financial or tax advisor for more information about state income tax laws.

## About Aldrich Benefits LP

We assist employers with employee benefit consulting including medical, dental, group life, and disability insurance for their employees and executive benefits for high level and key employees. Our services include plan design, implementation, and annual review of benefits. Aldrich Benefits LP is known as Aldrich Insurance Solutions LP in California.

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