

CHOOSING A PLAN, PAYING FOR CARE AND SAVING ON COSTS: KNOW THE BASICS

We get it: Health insurance can be confusing. Here, we'll walk you through different types of health insurance plans, common health insurance terms and even tax-free accounts that enable you to save on your care.

CHOOSING A PLAN

The first step of your health insurance journey is choosing the plan that's right for you.

PPO

- ✓ Wide network of health care providers
- ✓ More flexibility in where you get care
- ✓ Often higher monthly premiums

A **PPO** (Preferred Provider Organization) is a health insurance plan for those who like the flexibility of choosing where they go for care. You can get care from in-network or out-of-network providers (though out-of-network care costs more).

EPO

- ✓ Smaller network of health care providers
- ✓ Usually centered on one health system for coordinated care
- ✓ Often lower monthly premiums

An **EPO** (Exclusive Provider Organization) is a health insurance plan for those who prefer to keep costs lower. In exchange for a lower monthly premium (payment), an EPO offers a narrower network of doctors, hospitals, and specialists, which works to help coordinate your care.

PAYING FOR YOUR CARE: 4 TERMS TO KNOW

In addition to paying your monthly premiums (payments) for health insurance, you may also have to share part of the costs of your care. These costs take the form of copays, deductibles and coinsurance. Here are examples of how they work.

1

COPAY

You need to see a doctor.

| | |
|-------------------------|------------------|
| IN-NETWORK DOCTOR VISIT | IN-NETWORK COPAY |
| \$100 | \$40 |



You

\$40



Insurance

\$60



Doctor Visit

A **copay** is the fixed dollar amount you pay for certain health services or prescription drugs when you get them.

Please note: If you have a high-deductible health plan, you'll pay for care until you meet your deductible.

2

DEDUCTIBLE

You need a lab test.

| | |
|---------------------|-------------------|
| IN-NETWORK LAB TEST | ANNUAL DEDUCTIBLE |
| \$50 | \$1,000 |

TOTAL YOU'VE SPENT ON CARE THIS YEAR **\$600**



You

\$50



Insurance

\$0



Lab Test

A **deductible** is the amount you must pay each year for services covered by your plan before your health insurance starts to pay. Every time you pay for care, that amount is applied to your deductible. Using this example, after paying for the in-network lab test, you've paid \$650 toward your deductible. Once you've met your \$1,000 deductible, insurance begins to pay.

Please note: Blue Cross NC has negotiated provider discounts when accessing in-network care. As a Blue Cross NC member, you pay that negotiated amount toward your deductible.

3

COINSURANCE

Two months later, after you've met your annual deductible of \$1,000, you need to have a minor surgery.

| | |
|--------------------|-------------|
| IN-NETWORK SURGERY | COINSURANCE |
| \$500 | 20% |



You

\$100



Insurance

\$400



Surgery

Coinsurance is your share of your health care costs after you've met your deductible, usually shown as a percentage.

4

OUT-OF-POCKET MAXIMUM

At the end of the year, after several more health care expenses, you need to see the doctor.

| | |
|-------------------------|-----------------------|
| IN-NETWORK DOCTOR VISIT | OUT-OF-POCKET MAXIMUM |
| \$200 | \$3,000 |

TOTAL YOU'VE SPENT ON CARE THIS YEAR **\$3,000**



You

\$0



Insurance

\$200



Doctor Visit

Your **out-of-pocket maximum** is the most you're required to pay in copays, deductible and coinsurance during a single year. Once you reach it, your health insurer typically covers 100% of costs. Using this example, since you've already reached your \$3,000 out-of-pocket maximum, insurance covers all of the in-network doctor visit.

SAVING ON COSTS: FSA AND HSA

We know that saving on care is important to you. These accounts enable you to put aside a set amount of pre-tax money from your paycheck to pay for medical expenses—everything from copays and deductibles to prescription medication, eyeglasses and much more. Please note that the account you choose may depend on what's available as part of your insurance plan.

FSA

- ✓ Save by using pre-tax dollars for care/supplies
- ✓ Must use money by end of year

An **FSA** (Flexible Spending Account) allows you to pay for certain medical, dental and vision expenses/supplies—called qualified expenses—using money that comes out of your paycheck before you pay taxes. But if you don't use all the money by the end of the year, you lose what's left.

HSA

- ✓ Save by using pre-tax dollars for care/supplies
- ✓ Carry over unused money from year to year
- ✓ Available only with high-deductible plans

An **HSA** (Health Savings Account) also allows you to pay for qualified medical expenses using money that comes out of your pre-tax paycheck. Unused money rolls over from year to year, so you can use it on future qualified expenses. You own your HSA and keep it even if you change plans—and may even earn interest on it to build savings over time.



These examples are provided for illustrative purposes only. Before you buy a plan, be sure to read all the details about your cost sharing responsibilities and how the provider network may impact those costs. Talk to an insurance professional to learn more.

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