

# High Deductible Health Plans

## Frequently Asked Questions

### What is a High Deductible Health Plan?

A high deductible health plan (HDHP) is a medical plan that complies with federal guidelines, such as minimum deductible\* amounts and maximum out-of-pocket costs. HDHPs are the only plan type in which members are eligible to contribute to a health savings account (HSA).

- HDHPs typically have lower premiums and higher deductibles than traditional HMO plans.
- Members pay 100% of out-of-pocket costs until the deductible is met, except for preventive care.
- All out-of-pocket costs for covered services count toward the deductible and the annual out-of-pocket maximum.

Please note that if your plan includes any optional benefits (for example, vision or dental), the cost sharing for most optional benefits does not apply toward your deductible or annual out-of-pocket maximum.

- After the deductible is met, services are covered at the applicable cost share amount until the out-of-pocket maximum is met.

Members enrolled in large group HDHPs and diagnosed with certain chronic conditions will receive specific services and items without having to first meet their deductible. Plan specific copayments and coinsurance may still apply. For more information, including the list of services and conditions, view the IRS Notice 2019-45 at [irs.gov/pub/irs-drop/n-19-45.pdf](https://irs.gov/pub/irs-drop/n-19-45.pdf).

### What are the different deductibles for an HDHP?

There are three types of annual deductibles with an HDHP. All annual deductibles count toward the annual out-of-pocket maximum.

- **Individual/self-only:** Individuals who enroll alone must reach the individual deductible.
- **Individual family member:** An individual within a family must contribute to the individual family member deductible until the individual family member deductible is met or the entire family deductible is met, whichever comes first.
- **Family:** Individual family member deductibles count toward the family deductible. This deductible is met when any combination of the family members' out-of-pocket costs for covered services equals the family deductible. Once the family deductible is met, no individual is required to contribute more to the family deductible, even if they haven't met the individual family member deductible amount.

### What is an annual out-of-pocket maximum?

An annual out-of-pocket maximum is the most a member or a family will have to pay for covered medical expenses in a year. It includes deductibles, copayments and coinsurance but not monthly premiums. Once the out-of-pocket maximum is reached, the plan covers 100% of all covered services for the rest of the plan year.

\* The amount you must pay each year for certain covered services before your health plan will cover those costs at the applicable cost share.

## What is a health savings account?

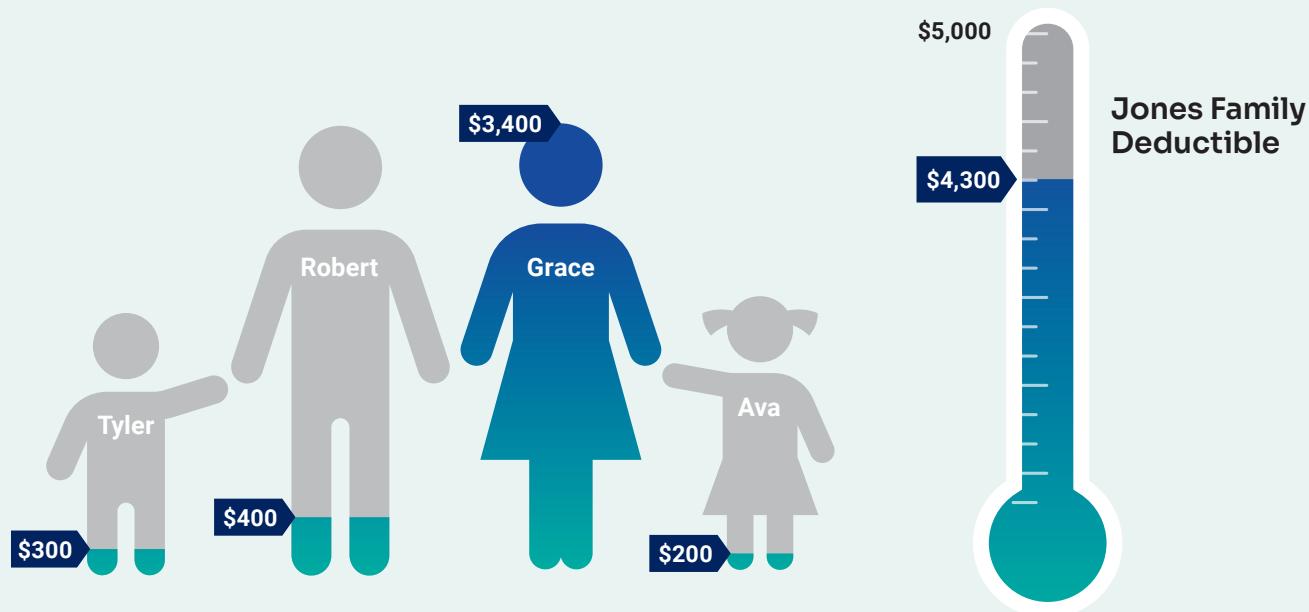
An HSA is a tax-exempt account set up with a qualified HSA trustee to pay or reimburse certain medical expenses a member incurs throughout a calendar year. Members use money from the HSA to pay for qualified medical expenses, including dental, vision and medical deductibles, copayments and coinsurance. For more information, visit [irs.gov/pub/irs-pdf/p969.pdf](http://irs.gov/pub/irs-pdf/p969.pdf).

## Does Sutter Health Plan offer HSAs?

No, Sutter Health Plan doesn't offer an HSA. However, all our HDHPs are HSA-compatible. Employees interested in enrolling in an HSA should speak to their employer or find a bank, financial institution or investment firm registered to offer HSAs.

## How Does an HDHP Work for the Jones Family?

A family of four (Tyler, Robert, Grace and Ava) enrolled in an HDHP, which has a **\$3,400** individual family member deductible and **\$5,000** family deductible. In March, Robert spent **\$400** on diagnostic services and Grace spent **\$3,400** on hand surgery. Tyler spent **\$300** on lab services and Ava spent **\$200** in physician fees. Together, the family spent **\$4,300** on healthcare services.



In April, Grace and Robert were admitted to the hospital with the flu. Grace already met her individual family member deductible of **\$3,400**, so she's only responsible for her out-of-pocket (i.e., copay or coinsurance) for the hospitalization. Robert hasn't met his individual family member deductible or family deductible, so he's responsible for **100%** of the hospitalization until the remaining **\$700** of the family deductible is met. When the family as a whole spends **\$5,000**, the family deductible will be met.

