

How deductible plans work

Deductible plans generally offer lower monthly premiums in exchange for paying more out of your own pocket for services covered by your health plan. With these plans, you pay full charge for most covered services until your expenses meet an annual deductible. Then, for covered services, you pay a copayment or coinsurance.

Deductibles

Under a deductible plan, most covered services are subject to the deductible—the set amount for which you pay full charge in a calendar year. This means you'll pay full charge for most services until you reach your annual deductible.

No deductible for select services

In our traditional deductible plans, some services are available for a copay or coinsurance before you meet your deductible. For example, primary care, specialty care, and urgent care visits are not subject to the deductible. And to encourage you to receive preventive care, many of these services are available for no charge before you meet your deductible.

Out-of-pocket maximum

Your out-of-pocket maximum puts a cap on how much you'll spend on most covered services each calendar year. This helps protect you financially if you have a serious illness or injury.

In our deductible plans, the deductible contributes to the out-of-pocket maximum.

For example, if you are enrolled in the Deductible 20/500 plan, you would pay full charge for most services covered by your plan until you spend \$500 out of your own pocket. To reach your \$2,500 out-of-pocket maximum, you would need to spend an additional \$2,000 in copayments and coinsurance.

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Using a deductible plan

Let's say you injure your ankle and visit your primary care physician, who orders an X-ray. It's just a sprain, so the doctor prescribes a generic pain medication.

On the Deductible 30/1500 plan, you have to pay \$1,500 out of your own pocket before you are eligible to pay a copay or coinsurance for most covered services.

In this example, two of these services (doctor's office visit and prescription) are available for a copayment before you meet your deductible. So even if you have not met your deductible, you would be eligible to pay a \$30 copayment for the doctor's office visit and a \$10 copay for the generic drug. Your copayments (except for prescriptions) would contribute toward your out-of-pocket maximum but not toward your deductible.

However, you would pay full charge for the X-ray. And the amount you pay for the X-ray would be applied to your \$1,500 annual deductible. (After you meet your deductible, you would pay a \$10 copay for the X-ray.)

Visit the treatment fee tool at kp.org/treatmentestimates to estimate your out-of-pocket costs for upcoming services.

The HSA difference

Some of our deductible plans are HSA-qualified deductible plans. These plans can be paired with an optional health savings account, or HSA. HSA-qualified plans work similarly to traditional deductible plans with just a few differences:

- If you're eligible, you can open an HSA with an HSA-qualified plan.
- Money you deposit into your HSA is deductible from your income on your federal income tax form.
- You can use funds from your HSA to pay for qualified medical expenses.

Tax savings relate to federal income tax only. For more information, please consult your financial or tax adviser. To learn more about health savings accounts, visit www.irs.gov/publications/p969/ar02.html or call 1-800-829-1040.

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Benefit highlights

	DEDUCTIBLE PLANS		
	20/500	25/1000	30/1500
FEATURES	The deductible and most coinsurance and copays (except pharmacy benefits) contribute to the out-of-pocket maximum.		
Annual deductible	\$500	\$1,000	\$1,500
Annual out-of-pocket maximum	\$2,500	\$3,000	\$3,500
BENEFITS	Services not subject to deductible unless otherwise indicated		
PREVENTIVE CARE	Many preventive care services, such as routine physical exams and mammogram screenings, are no charge.		
OUTPATIENT SERVICES (per visit or procedure)			
Primary care/Specialty care office visit	\$20 copay	\$25 copay	\$30 copay
Most X-rays and lab tests	\$10 copay (after deductible)	\$10 copay (after deductible)	\$10 copay (after deductible)
MRI, CT, and PET	\$10 copay (after deductible)	\$50 copay (after deductible)	\$50 copay (after deductible)
Outpatient surgery	\$50 copay (after deductible)	\$150 copay (after deductible)	\$250 copay (after deductible)
INPATIENT HOSPITAL CARE			
Room and board, surgery, anesthesia, X-rays, lab tests, and medications	\$100 copay per day (after deductible)	\$250 copay per day (after deductible)	\$500 copay per day (after deductible)
MATERNITY			
Routine prenatal care visit	No charge	No charge	No charge
Delivery and inpatient well-baby care	\$100 copay per day (after deductible)	\$250 copay per day (after deductible)	\$500 copay per day (after deductible)
EMERGENCY AND URGENT CARE			
Emergency Department visit (waived if admitted)	\$100 copay (after deductible)	\$100 copay (after deductible)	\$150 copay (after deductible)
Urgent care visit	\$20 copay	\$25 copay	\$30 copay
PRESCRIPTION DRUGS¹			
Plan pharmacy (up to a 30-day supply)	Generic: \$10 copay Brand: \$35 copay	Generic: \$10 copay Brand: \$35 copay	Generic: \$10 copay Brand: \$35 copay
Mail-order (up to a 100-day supply)	Generic: \$20 copay Brand: \$70 copay	Generic: \$20 copay Brand: \$70 copay	Generic: \$20 copay Brand: \$70 copay

Benefits are for effective dates beginning January 1, 2013, and are subject to change.

This is a summary of the most frequently asked-about benefits and their copayments and coinsurance. For more information on benefits, copayments, and coinsurance, please refer to the *Disclosure Form*. Detailed information about your plan is in the *Membership Agreement*, which will be mailed to you upon acceptance or upon request. To request a copy of the *Membership Agreement* for a particular plan, please call us at 1-800-634-4579 or contact your broker. For services subject to the deductible, you will have to pay health care expenses out of pocket until you meet your deductible.

The benefits that you select may change on January 1, 2014. At that time, in order to meet the new benefit standards under the Affordable Care Act, we may change the benefits and the rate you pay under your plan, or ask you to select a new plan.

¹Prescribed contraceptives are no charge.

Benefit highlights

	DEDUCTIBLE PLANS	
	40/2000	40/3000
FEATURES	The deductible and most coinsurance and copays (except pharmacy benefits) contribute to the out-of-pocket maximum.	
Annual deductible	\$2,000	\$3,000
Annual out-of-pocket maximum	\$4,000	\$6,000
BENEFITS	Services not subject to deductible unless otherwise indicated	
PREVENTIVE CARE	Many preventive care services, such as routine physical exams and mammogram screenings, are no charge.	
OUTPATIENT SERVICES (per visit or procedure)		
Primary care/Specialty care office visit	\$40 copay	\$40 copay
Most X-rays and lab tests	\$10 copay (after deductible)	\$10 copay (after deductible)
MRI, CT, and PET	\$50 copay (after deductible)	\$150 copay (after deductible)
Outpatient surgery	\$250 copay (after deductible)	20% coinsurance (after deductible)
INPATIENT HOSPITAL CARE		
Room and board, surgery, anesthesia, X-rays, lab tests, and medications	\$500 copay per day (after deductible)	20% coinsurance (after deductible)
MATERNITY		
Routine prenatal care visit	No charge	No charge
Delivery and inpatient well-baby care	\$500 copay per day (after deductible)	20% coinsurance (after deductible)
EMERGENCY AND URGENT CARE		
Emergency Department visit (waived if admitted)	\$150 copay (after deductible)	\$200 copay (after deductible)
Urgent care visit	\$40 copay	\$40 copay
PRESCRIPTION DRUGS¹		
Plan pharmacy (up to a 30-day supply)	Generic: \$10 copay Brand: \$35 copay	Generic: \$10 copay/Brand: \$35 copay (after \$250 brand deductible)
Mail-order (up to a 100-day supply)	Generic: \$20 copay Brand: \$70 copay	Generic: \$20 copay/Brand: \$70 copay (after \$250 brand deductible)

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How HSA-qualified deductible plans work

An HSA-qualified plan is a deductible plan that is eligible to be paired with an optional health savings account, or HSA. If you sign up for an HSA-qualified plan and open an HSA, you can pay for qualified medical expenses with tax-deductible dollars.¹

An HSA-qualified plan works much like a traditional deductible plan. You pay full charges for certain covered services out of pocket until you reach your deductible, and then you're eligible to pay coinsurance or copayments for covered services. The main difference is that you can save money with HSA-qualified plans. This is because you can pay for qualified medical expenses—even those not covered by your health plan—with tax-deductible dollars. However, qualified expenses not covered by your health plan will not contribute to your deductible or out-of-pocket maximum.

All you have to do is:

- Sign up for an HSA-qualified health plan.
- If you are eligible, open a health savings account.
- Contribute tax-deductible dollars to this account.²
- Use those tax-free funds to pay for qualified health care expenses.

What you don't use rolls over to the next year and continues earning interest.³

Advantages of opening an HSA

- **Portability.** The money belongs to you, so if you change health plans, you can take your HSA with you.
- **Rollover of unused funds.** There is no "use it or lose it" restriction each year. What you don't use stays in your account until you are ready to use it.³
- **Control.** You decide when to put the money in and when to take it out.
- **Retirement savings.** The money in your account can be invested through the institution where you open it. And after age 65, you can use the funds, taxed at your ordinary income rate, for any reason without penalties.
- **Flexibility.** You can use the money in your HSA to pay for qualified medical expenses, even those your deductible plan does not cover.

An HSA offers triple tax advantages

- Tax-deductible contributions to your account
- Tax-free investment earnings
- Tax-free withdrawals when funds are used for qualified medical expenses

¹Tax references relate to federal income tax only. The tax treatment of health savings account contributions and distributions under state income tax laws differs from the federal tax treatment. Consult with your financial or tax adviser for more information.

²For 2013, the federally established maximum contribution for an eligible individual with self-only coverage is \$3,250. This annual maximum is indexed annually for inflation. Tax savings refer to federal income tax only. For more information, please consult your financial or tax adviser.

³Earnings vary depending on the type of investment plan you opt for and/or the HSA provider you choose. Amount earned is based on the investment plan and market value, and in some instances, the account may actually lose money.

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Using a health savings account

What are qualified medical expenses?

You can use an HSA to pay for deductibles, copays, coinsurance, and many supplies and services not covered by your health plan. Generally, these are expenses that would qualify for the medical and dental expense deduction on your income tax.

Here are just a few examples of HSA-qualified expenses:

- Eyeglasses and laser eye surgery
- Dental care
- Acupuncture
- Chiropractic services
- Hearing aids

For a complete list, see *Publication 502, Medical and Dental Expenses* at www.irs.gov.

Who's eligible for an HSA?

To be eligible for an HSA, you need to meet the following requirements:

- You can't be enrolled in Medicare.
- You can't be eligible to be claimed as a dependent on someone else's tax return.
- You can't have additional health coverage that is not a qualified deductible plan (with certain exceptions).
- You can't have received benefits from the Department of Veterans Affairs in the past three months.

You may set up your HSA through any financial institution that offers these accounts.¹

Using an HSA-qualified deductible plan

Let's say you injure your ankle and visit your primary care physician, who orders an X-ray. It's just a sprain, so the doctor prescribes a generic pain medication.

With our HSA-qualified deductible plans, you pay full charge for all covered services (except many preventive care services) until you meet your deductible.

On the Deductible 0/2700 with HSA plan, you pay the first \$2,700 of your medical and pharmacy expenses out of your own pocket. Then you would be eligible to pay a copay or coinsurance for most covered services.

In this example, if the total costs you have paid out of pocket so far this year for covered services have not met your deductible, you would pay full charge for the doctor's office visit, the X-ray, and the medication. All the costs you pay for covered services will apply to your deductible, and your deductible will contribute to your out-of-pocket maximum.

After you meet your \$2,700 deductible, you would need to pay an additional \$2,300 in coinsurance and copays to reach your \$5,000 out-of-pocket maximum.

If you have met your \$2,700 deductible, you would be eligible to pay no charge for the doctor's office visit, a \$10 copay for the X-ray, and a \$10 copay for the generic drug.

And, if you opened an HSA, you would be able to pay for these services with tax-free dollars. (Tax savings relate to federal income tax only. For more information, please consult your financial or tax adviser. For more information on health savings accounts, please visit www.irs.gov/publications/p969/ar02.html.)

¹Kaiser Permanente does not provide or administer financial products, including HSAs, and does not offer financial, tax, or investment advice. Members are responsible for their own investment decisions. If a member uses his or her HSA debit card to pay for something other than a qualified medical expense, the expenditure is subject to tax and, for individuals who are not disabled or over 65, a 20 percent tax penalty. Please note that when an HSA provider pays disbursements, it does not monitor whether they are for qualified medical expenses. It is the member's responsibility to determine whether expenses qualify for tax-free reimbursement from his or her HSA.



Benefit highlights

	HSA-QUALIFIED DEDUCTIBLE PLANS		
	0/1500 WITH HSA	0/2700 WITH HSA	30/2700 WITH HSA
FEATURES	The deductible, copays, and coinsurance contribute to the out-of-pocket maximum.		
Annual deductible	\$1,500	\$2,700	\$2,700
Annual out-of-pocket maximum	\$3,000	\$5,000	\$5,250
BENEFITS	Services not subject to deductible unless otherwise indicated		
PREVENTIVE CARE	Many preventive care services, such as routine physical exams and mammogram screenings, are no charge.		
OUTPATIENT SERVICES (per visit or procedure)			
Primary care/Specialty care office visit	No charge (after deductible)	No charge (after deductible)	\$30 copay (after deductible)
Most X-rays and lab tests	\$10 copay (after deductible)	\$10 copay (after deductible)	\$10 copay (after deductible)
MRI, CT, and PET	\$50 copay (after deductible)	\$50 copay (after deductible)	\$50 copay (after deductible)
Outpatient surgery	\$150 copay (after deductible)	\$200 copay (after deductible)	30% coinsurance (after deductible)
INPATIENT HOSPITAL CARE			
Room and board, surgery, anesthesia, X-rays, lab tests, and medications	\$300 copay per day (after deductible)	\$400 copay per day (after deductible)	30% coinsurance (after deductible)
MATERNITY			
Routine prenatal care visit	No charge	No charge	No charge
Delivery and inpatient well-baby care	\$300 copay per day (after deductible)	\$400 copay per day (after deductible)	30% coinsurance (after deductible)
EMERGENCY AND URGENT CARE			
Emergency Department visit (waived if admitted)	\$100 copay (after deductible)	\$100 copay (after deductible)	30% coinsurance (after deductible)
Urgent care visit	No charge (after deductible)	No charge (after deductible)	\$30 copay (after deductible)
PRESCRIPTION DRUGS¹			
Plan pharmacy (up to a 30-day supply)	Generic: \$10 copay Brand: \$35 copay (after deductible)	Generic: \$10 copay Brand: \$35 copay (after deductible)	Not covered
Mail-order (up to a 100-day supply)	Generic: \$20 copay Brand: \$70 copay (after deductible)	Generic: \$20 copay Brand: \$70 copay (after deductible)	Not covered

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Benefit highlights

	HSA-QUALIFIED DEDUCTIBLE PLANS	
	40/4000 WITH HSA	50/5000 WITH HSA
FEATURES	The deductible, copays, and coinsurance contribute to the out-of-pocket maximum.	
Annual deductible	\$4,000	\$5,000
Annual out-of-pocket maximum	\$5,600	\$6,000
BENEFITS	Services not subject to deductible unless otherwise indicated	
PREVENTIVE CARE	Many preventive care services, such as routine physical exams and mammogram screenings, are no charge.	
OUTPATIENT SERVICES (per visit or procedure)		
Primary care/Specialty care office visit	\$40 copay (after deductible)	\$50 copay (after deductible)
Most X-rays and lab tests	\$10 copay (after deductible)	\$10 copay (after deductible)
MRI, CT, and PET	\$150 copay (after deductible)	\$150 copay (after deductible)
Outpatient surgery	30% coinsurance (after deductible)	30% coinsurance (after deductible)
INPATIENT HOSPITAL CARE		
Room and board, surgery, anesthesia, X-rays, lab tests, and medications	30% coinsurance (after deductible)	30% coinsurance (after deductible)
MATERNITY		
Routine prenatal care visit	No charge	No charge
Delivery and inpatient well-baby care	30% coinsurance (after deductible)	30% coinsurance (after deductible)
EMERGENCY AND URGENT CARE		
Emergency Department visit (waived if admitted)	30% coinsurance (after deductible)	30% coinsurance (after deductible)
Urgent care visit	\$40 copay (after deductible)	\$50 copay (after deductible)
PRESCRIPTION DRUGS ¹		
Plan pharmacy (up to a 30-day supply)	Generic: \$10 copay Brand: \$35 copay (after deductible)	Not covered
Mail-order (up to a 100-day supply)	Generic: \$20 copay Brand: \$70 copay (after deductible)	Not covered

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