



CHC is a regional health benefits purchasing cooperative for small businesses, organizations, and the self-employed in Ashland, Barron, Bayfield, Burnett, Chippewa, Clark, Douglas, Dunn, Eau Claire, Pepin, Pierce, Polk, Price, Rusk, St. Croix, Sawyer, and Washburn counties.

# The Basics of a Consumer Driven High Deductible Health Plan with a Health Savings Account

*Data shows that health insurance has become more affordable and accessible as a result of competitive pressures created by growing price transparency and the increasing popularity of high deductible health insurance plans. As consumers, employers (and therefore employees) are paying significantly less for their high deductible insurance compared to just a few years ago. The evidence is clear – consumers (employers and employees) who are empowered with information, especially with information on price transparency and choice, will shape the marketplace and purchase appropriately-valued health insurance. By adding wellness and healthy behaviors to the equation, health insurance could become even more affordable and accessible. Consumers can be drivers of this marketplace change.*

## **What are the basic components of a High Deductible Health Plan?**

A high deductible plan is an inexpensive health insurance plan that generally does not pay for the first several thousand dollars of health care expenses. This is considered the first dollar of one's medical expenses (i.e. the deductible portion of the coverage). After the first dollars are expended, the coverage under the high deductible plan covers the expenses.

The contributions to a health savings account (HSA) are available to help consumers pay for the expenses a plan does not cover, including the first dollar of medical expenses.

Because high deductible plans are priced significantly lower, employees are encouraged to take the difference in the old premium and new premium and deposit it into their HSA account. Employers may also contribute to HSA accounts, if they choose.

## **Who can provide a High Deductible Health Plan?**

An employer or an individual may provide the high deductible plan. In the case of Cooperative Health Choices (CHC), the plan is available through the cooperative and its members.

## **Who can underwrite a High Deductible Health Plan?**

They may be offered by a variety of entities, including insurance companies and health maintenance organizations (HMOs).

## **Is a High Deductible Health Plan as good as traditional health insurance?**

Yes. A high deductible health plan is a traditional, major medical policy which invites consumers to become engaged with the cost of health care. Everything is covered subject to the deductible. There are no co-payments for doctor visits and medicine with a high deductible health plan.

## **Do High Deductible Health Plans & Health Savings Accounts go hand-in-hand?**

Yes. You must have coverage under an HSA-qualified high deductible health plan to open and contribute to health saving accounts. A high deductible plan generally costs less than traditional health care coverage costs, so the money saved on insurance can be put into health savings accounts.

Federal law, through the IRS, allows for multiple tiers with high deductible plans, including employee-only, employee plus one, employee plus two or more, employee and spouse, employee and child(ren), and/or family.

## **What does the deductible cover?**

The deductible must apply to all medical expenses, including prescriptions, covered by the high deductible plan. Plans can pay for preventative care services on a first dollar basis, with or with a co-payment.

## **What about preventative care?**

Preventative care can include many things, including routine pre-natal and well-child care, child and adult immunizations, annual physical exams, and mammograms, etc. Many plans, including the one proposed by CHC, includes preventative care as being paid at 100% of the plan. There is no deductible for those services.

## **Do High Deductible Health Plans cover prescription drugs?**

There are no co-pay prescription drug plans associated with high deductible health plans. However, some *new* programs are now available to allow for free discount cards for prescriptions at major pharmacies.