HIGH-DEDUCTIBLE HEALTH PLAN (HDHP)

WHAT IS A HDHP MEDICAL PLAN?

A High-Deductible Health Plan (HDHP) is a medical plan where employees pay for covered services based on a deductible and coinsurance structure. HDHPs have a higher deductible than many traditional health plans. In exchange, the monthly premium is lower, and eligible HDHPs can be paired with a Health Savings Account (HSA), which allows employees to set aside tax-advantaged money for qualified medical expenses.

HDHPs give members flexibility when choosing doctors, hospitals, and other health care providers. HDHP plans have a network of preferred providers who have agreed to offer services at negotiated rates, which generally helps members pay less when they use in-network care.

HOW AN HDHP WORKS

- **You pay the full cost for many covered services until the deductible is met.** This means you may pay more upfront when you receive care, especially for non-preventive services.
- **Preventive care is covered at no cost before the deductible.** Services such as certain annual checkups, screenings, and immunizations may be covered at no cost when received from in-network providers.
- **After the deductible is met, coinsurance applies.** The plan begins paying 80% of the cost of covered services.
- **The out-of-pocket maximum protects you from unlimited costs.** Once you reach the annual out-of-pocket maximum for covered services, the plan pays 100% of eligible expenses for the rest of the plan year.

HOW AN HDHP WORKS WITH A HSA

HDHPs are eligible for a Health Savings Account (HSA). An HSA is a personal savings account that can be used to pay for qualified medical expenses, such as deductibles, prescriptions, dental care, vision care, and other eligible costs. HSA contributions can be made on a pre-tax basis through payroll, and unused funds roll over from year to year. HSAs don’t have a use-it-or-lose-it clause, all money deposited to an HSA belong to the member for life.

BENEFITS OF AN HDHP

- **Lower premiums:** HDHPs have lower per-paycheck costs than traditional medical plans.
- **HSA savings opportunity:** Employees can save pre-tax dollars for eligible health care expenses.
- **Unused HSA funds roll over:** Money in the HSA stays with the employee and can continue to grow over time.

THINGS TO CONSIDER BEFORE CHOOSING AN HDHP

- **Higher upfront costs:** You may pay more when you need care before meeting the deductible.
- **Budgeting is important:** It can be helpful to contribute to an HSA regularly, so funds are available when expenses arise.
- **Provider network matters:** Using in-network providers helps lower costs and ensures expenses count toward the deductible and out-of-pocket maximum.
- **Not everyone is HSA-eligible:** Other coverage, such as Medicare or certain non-HDHP coverage, may affect HSA eligibility.