

How the Family Deductible Works for the Buy Up and Base Plans

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Each time an individual within the family pays toward his or her individual deductible, that amount is also credited toward the family deductible. Coverage begins for any particular individual as soon as he or she has met his or her individual deductible. Coverage begins for the entire family, even those family members who haven't met their individual deductibles yet, as soon as the family deductible is met.

There are two ways a family health insurance policy will begin to pay benefits for a particular individual within the family.

1. If an individual meets his or her individual deductible, health plan benefits kick in and begin to pay health care expenses for *that individual only*, but not for the other family members.
2. If the family deductible is met, health plan benefits kick-in for *every member* of the family whether or not they've met their own individual deductibles.

This type of family deductible system is known as an embedded deductible because individual deductibles are *embedded* within and count toward the larger family deductible.

An Example of How the Family Deductible Works

Let's say a family of five has an individual deductible of \$500 and a family deductible of \$1,500:

- July:
Dad pays \$500 in deductible costs.
Dad has met his individual deductible.
Family deductible has \$500 credited, \$1,000 to go before it's met.
Health plan now pays for Dad's health care.
Health plan doesn't pay benefits for Mom and Children yet.
- August:
Child #1 pays \$500 in deductible costs.
Child #1 has met her individual deductible.
Family deductible now has \$1,000 credited, \$500 to go before it's met.
Health plan now pays for Dad and Child #1's health care.
The health plan doesn't pay benefits for Mom, Child #2 or Child #3 yet.
- September:
Mom pays \$200 in deductible costs.
Mom hasn't met her individual deductible yet, \$300 to go.
Family deductible now has \$1,200 credited, \$300 to go before it's met.
Health plan only pays for Dad and Child #1's health care.
Health plan still doesn't pay benefits for Mom, Child #2 or Child #3.
- October:
Child #2 pays \$300 in deductible costs.
Child #2 hasn't met his individual deductible yet, \$200 to go.
Family deductible of \$1,500 has now been met.
Health plan begins to pay benefits for all family members.

Since the family met its family deductible, the health plan started paying benefits for all of the family members, even though three of them hadn't yet met their individual deductibles.

How the Family Deductible Works in a High Deductible Health Plan (the HSA Med Plan)

With family coverage in an HDHP, health plan benefits do not begin for any member of the family until the entire family deductible has been met.

As each family member incurs medical expenses, the amount they pay toward these expenses is credited toward the family's deductible. When these expenses add up to the family deductible, the HDHP coverage kicks in and starts paying its share of the cost of health care expenses for each member of the family.

In an HDHP, the family deductible can be met by in two different ways:

1. One family member has high health care expenses. By paying those health care expenses, he reaches the family deductible and coverage kicks in for the entire family.
2. Several different family members have smaller health care expenses. The family deductible is met when these smaller expenses added together reach the family deductible amount.

This type of family deductible system is known as an aggregate deductible because the health plan doesn't begin paying for the health care expenses of anyone in the family until the combined expenses meet the full family deductible.

Example Comparing the Buy Up, Base and HSA Medical Plans

Maternity charges billed as global charge at time of Labor/delivery

Buy Up Plan Employee + Children – charges for the mother would apply to the \$500 individual deductible and then coinsurance would cover 90% of the claims until the individual out-of-pocket max is met of \$1500, any remaining charges for the mother (during that plan year) would be covered at 100%. The charges for the baby would apply the same way: \$500 toward individual deductible and then 10% of charges up to coinsurance out-of-pocket max of \$1500. If both claims meet their individual out-of-pocket max then the Family deductible of \$3000 would be met for the whole family for the remainder of that plan year, copays would still apply – they do not go away. Employee + Children monthly insurance premiums for the full plan year total \$5520; Employee + Family annual premiums total \$11880.

Base Plan Employee + Children - charges for the mother would apply to the \$1000 individual deductible and then coinsurance would cover 80% of the claims until the individual out-of-pocket max is met of \$3000, any remaining charges for the mother (during that plan year) would be covered at 100%. The charges for the baby would apply the same way: \$1000 toward individual deductible and then 10% of charges up to coinsurance out-of-pocket max of \$3000. If both claims meet their individual out-of-pocket max then the Family deductible of \$6000 would be met for the whole family for the remainder of that plan year, copays would still apply – they do not go away. Employee + Children monthly insurance premiums for the full plan year total \$4680; Employee + Family annual premiums total \$10500.

HSA Plan Employee + Children - charges for the mother would apply to the \$3000 family deductible. The charges for the baby would apply to the remainder of the family deductible. Once the family deductible of \$3000 has been met (by anyone on the plan), remaining charges for all members would be covered at 100% for the remainder of that plan year. Copays would start to apply to physician office visits and prescriptions until such copays reach an additional \$3000 to meet the Family out-of-pocket max of \$6000. Employee + Children monthly insurance premiums for the full plan year total \$3780; Employee + Family annual premiums total \$9060.