



Selling Transitional Plans

Copay or Deductible then Coinsurance?



- Services billed as office based will be subject to copay
 - Preventive services are covered in full
- Services billed as facility based will be subject to an embedded deductible then coinsurance up to an aggregate coinsurance maximum
- **PPO out-of-network benefits subject to the out-of-network deductible and coinsurance**

Deductible



- A deductible is a payment expressed in dollars, based on the allowed amount (CDPHP fee schedule), which the member must pay before CDPHP UBI will pay any benefits. Coinsurance is not applied until any applicable deductible has been met.

Definition of “Family” Under the Contract (not rates)



- Two or more people is the definition of family per the medical contract.

What Is an Embedded Deductible?



- An embedded deductible means that an individual deductible (e.g., \$1,000) is “embedded” within the family deductible (e.g., \$2,500).
- Once an individual family member reaches the individual deductible (\$1,000), benefits for that person are subject to the plan’s coinsurance amount.
- In order for the entire family to have coinsurance coverage for the rest of the benefit period, the family deductible (\$2,500) must be met.

Embedded Deductible with an Individual Contract



- The individual must meet the individual deductible before coinsurance will apply.

Embedded Deductible with a Two-Person Family Contract



- If a family only consists of two people and the family deductible is \$2,500, each individual's deductible would be capped at the \$1,000 individual deductible.
- The remaining \$500 would not have to be met because the plan has an embedded deductible.



Example: Embedded Family Deductible



Meet the Jones family: Mom, Dad, and Son

Individual deductible = \$1,000

Embedded family deductible = \$2,500

Mom encounters a major hospital stay and satisfies her \$1,000 deductible.

Mom is now eligible to only pay the applicable coinsurance amount throughout the remainder of the benefit period (until the coinsurance maximum is met).



Example: Embedded Family Deductible *(continued)*



Remaining embedded family deductible = \$1,500

As Dad and Son satisfy the remaining \$1,500 neither will be responsible for more than the \$1,000 capped amount, and will then be eligible to only pay the applicable coinsurance amount (until coinsurance maximum is met).

This can be any combination:
\$1,000 and \$500, \$700 and
\$800, \$900 and \$600 etc.



Coinsurance



- Coinsurance is a charge expressed as a percentage of the allowed amount.

Example of Coinsurance



- Billed amount = \$150
- Allowed amount = \$100
- Member coinsurance responsibility = 20% of \$100 = \$20
- CDPHP UBI coinsurance responsibility = 80% of \$100 = \$80

Aggregate Coinsurance Maximum



- An aggregate coinsurance maximum means a family (**two or more**) must satisfy the **entire** coinsurance maximum amount before CDPHP UBI pays 100% of the allowed amount.
- There is no capped amount for an individual. An individual could satisfy the entire coinsurance maximum by herself/himself.

Items That Will Never Apply to the Coinsurance Maximum

- Balance billing
- Copay
- Deductible
- Coinsurance paid for certain services (refer to contract)

Example of Aggregate Coinsurance Maximum



The Jones family: Mom, Dad, and Son

Individual deductible = \$1,000

Embedded family deductible = \$2,500

Aggregate family coinsurance maximum = \$5,000

To date:

- Dad has satisfied \$700
- Son has satisfied \$800
- Mom has satisfied \$0



Example of Aggregate Coinsurance Maximum

(continued)



The Jones family: Mom, Dad and Son

Mom's *Explanation of Benefits* states:

- Allowed amount: \$26,000
- Mom's embedded deductible to be satisfied = \$1,000
- Amount applicable to coinsurance = \$25,000
(\$26,000-\$1,000)
- Mom's coinsurance = 20% of
\$25,000 = \$5,000
- CDPHP coinsurance amount =
80% of 25,000 = \$20,000
- Mom's total = \$6,000
- CDPHP total = \$20,000



Since the coinsurance maximum has been satisfied, CDPHP UBI will now pay 100% of the allowed amount on those benefits subject to deductible and coinsurance for the remainder of the benefit period.

Member's Total Out-of-Pocket Expense If the Coinsurance Maximum Is Satisfied



Deductible

+ Coinsurance maximum

+ Copays (unknown because no limit)

+ Balance billing

Example for Individual



Deductible = \$1,000

Coinsurance maximum = \$2,000

Total OOP will = \$3,000 + copays

Example for a Two-Person Family



Deductible = \$2,000 (\$1,000+\$1,000)

Coinsurance maximum = \$5,000

Total OOP + \$7,000 + copays



Example for a Family of Three or More



Deductible = \$2,500

Coinsurance maximum = \$5,000

Total OOP = \$7,500 + copays



Initial office visit to make determination	Copayment (not subject to deductible)
Routine prenatal office visits during pregnancy	Covered in full (not subject to deductible)
Non-routine prenatal visits	Copayment (not subject to deductible)
Routine post-partum office visits	Covered in full (not subject to deductible)
Non-routine post-partum office visits	Copayment (not subject to deductible)

Maternity



Physician services when billed separately from the facility	Deductible then covered in full
Inpatient hospital services	Deductible then coinsurance
Newborn nursery	Deductible then covered in full

Laboratory Services



<p>Outpatient (<i>deductible and coinsurance waived when hospital is a designated laboratory provider</i>)</p>	<p>Deductible then coinsurance (Change for 2010: subject to copayment)</p>
<p>Office based (<i>copayment waived if provider is a designated laboratory</i>)</p>	<p>Copayment</p>

Radiology and Imaging



<p>Outpatient (<i>coinsurance waived when performed by a preferred provider</i>)</p>	<p>Deductible then coinsurance (Change for 2010: subject to copayment)</p>
<p>Office based (<i>copayment waived at preferred provider sites</i>)</p>	<p>Copayment</p>

Radiology and Imaging



- Members should contact CDPHP member services for the radiology site's hospital affiliation
- Many of the preferred sites are facility based