

Understanding embedded and non-embedded deductibles in health coverage

We're breaking down the ins and outs of **embedded and non-embedded deductibles** and **out-of-pocket maximums** to help you better understand how they work. Knowing these differences can help you make more informed decisions about your healthcare coverage.

Before we dive in, here are two important terms to know.

What is a deductible?

A deductible is the amount you pay out of pocket each year for covered medical services before your health plan starts sharing the cost.

Example: With Healthy Me HSA A, the single deductible is \$1,750. You'll pay the full cost of services until you've met the \$1,750 deductible. After that, your health plan begins to pay its share - usually through copayments or coinsurance.

What is an out-of-pocket maximum?

The out-of-pocket maximum is the most you'll pay in a plan year for covered services and prescription drugs. Once the out-of-pocket maximum is met, your health plan pays 100% of all covered costs for the rest of the year.

Example: With Healthy Me HSA A, the single out-of-pocket maximum is \$3,500. You'll first pay the full deductible, then any copayments or coinsurance up to a total of \$3,500. After that, your health plan pays 100% of your covered expenses for the remainder of the year.

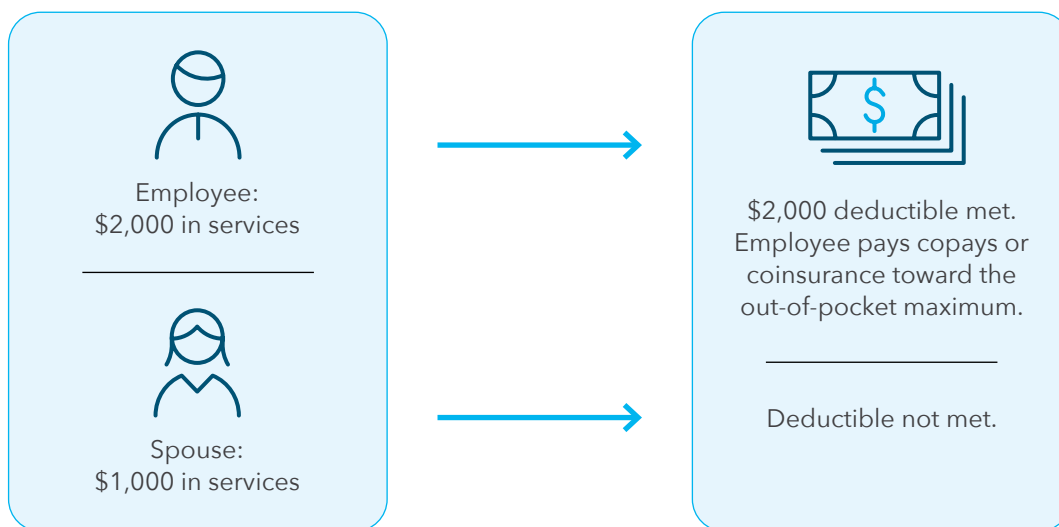
Now that you know the basics, let's look at how deductibles and out-of-pocket maximums work for individuals and families.

Embedded deductibles and out-of-pocket maximums

An **embedded deductible** (or out-of-pocket maximum) means that each family member has their own individual limit within the larger family deductible. No one family member can contribute more than the individual limit towards the combined family deductible. Once the member meets their single deductible, they will start paying copays and/or coinsurance toward the out-of-pocket maximum, even if the family deductible hasn't been met.

Example: if you have a \$2,000 / \$4,000 (individual/family) embedded deductible, this is how it would work:

Since the employee met his \$2,000 individual deductible, he can begin paying copays or coinsurance. The spouse will continue to pay toward the deductible until she reaches her \$2,000 deductible.



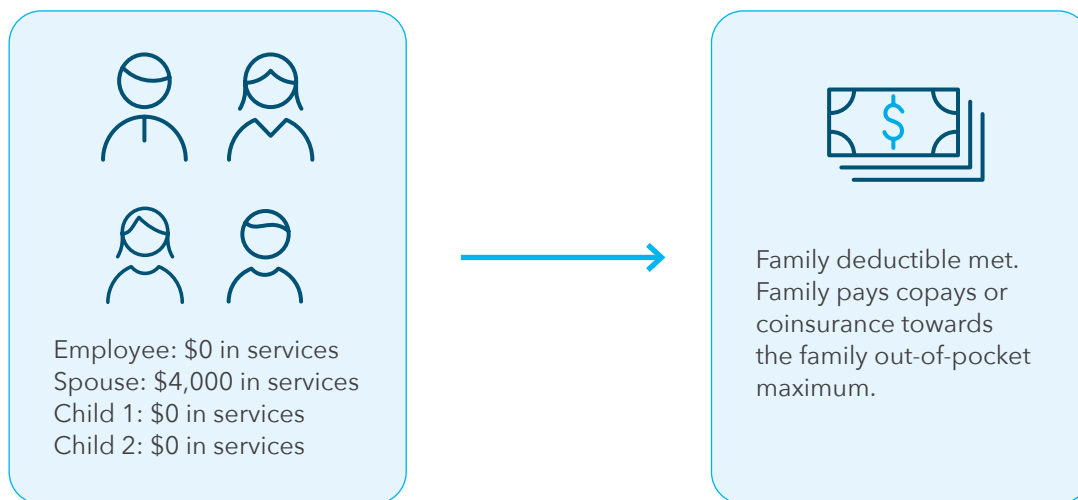
Concordia Health Plan options with embedded deductibles:

- Healthy Me HSA C
- Healthy Me HSA D
- Healthy Me Copay C
- Healthy Me Copay D
- Healthy Me Copay E
- Healthy Me Copay F
- Whole Health
- Whole Health 1000
- Whole Health 3500
- Option Select HMO-C
- Option Select HMO-C 2000

Non-embedded deductibles and out-of-pocket maximums

A **non-embedded deductible** (or out-of-pocket maximum) is a true family deductible. This means that there are no individual limits – all family members can meet the deductible by pooling deductible expenses. Unlike an embedded deductible, one person can pay the full amount on behalf of the family.

Example: If you have a \$2,000 / \$4,000 (individual/family) non-embedded or true family deductible, this is how it would work:



Since the spouse met the entire family deductible, the entire family moves on to copays or coinsurance, even though other family members haven't contributed to the deductible.

Concordia Health Plan options with non-embedded deductibles:

- **Healthy Me HSA A**
- **Healthy Me HSA B**
- **Whole Health 2500**

Feature	Embedded Plans	Non-Embedded Plans
Deductible	Individual and family deductibles	One family deductible
Out-of-Pocket Maximum	Individual and family limits	One family limit
Coinsurance start	After individual deductible is met or entire family deductible is met	After family deductible is met
Financial responsibility	Shared individually and as a family	Shared collectively as a family