

KNOW YOUR BENEFITS

Is an HDHP Right For You?

Deciding on a health plan can be a difficult decision, even for the savviest health care consumer. The decision is even harder when you're relatively young, in good health and have no real experience with making health care choices. With all the options and plan variations available, how can you be certain the plan you choose is the right fit for your lifestyle? Here are two user stories to help provide insight into a high deductible health plan (HDHP) and a more costly alternative.

User 1: Mid-tier Health Coverage

Kyle is a 24-year-old working for a large grocery store chain. He relies on his semimonthly paychecks to keep food on the table and knows that he can't afford to miss a shift. With this in mind, Kyle enrolls in his employer's mid-tier health plan to ensure he can quickly overcome any illness that may arise during the year. The deductible is \$2,500 and his monthly payment is \$100. Kyle thinks this cost is worth the peace of mind of having good health insurance.

As the year goes on, Kyle, being a healthy young man, only ends up using his health plan one time, for an annual physical. As a result, Kyle ends up paying \$1,200 over the course of a year for insurance that he only uses once.



User 2: High Deductible Health Plan

Brandon is a 27-year-old working on a general assembly line in an appliance factory. He lives alone and spends most of his free time out with friends. Brandon enjoys the outdoors and uses his extra income to buy camping gear. He knows an HDHP with a health savings account (HSA) can save him money, so he decides to enroll in the plan, freeing up more money for his hobbies. The health plan costs \$30 a paycheck and has a deductible of \$3,000. However, it also includes an HSA, into which Brandon contributes \$10 a pay period.

Even with Brandon's rugged hobbies, he only ends up in the doctor's office twice—which is still more than he expected. And, as a result, he ends up paying for some medical costs out of pocket. Yet, because of his HSA, he has \$240 that he can use to pay these expenses. Additionally, his own HSA contributions give him a tax credit that he can use when filing taxes. This means that Brandon still pays less overall than Kyle does, despite going to the doctor more often.

Choosing the right health coverage can be especially tricky if you're in good health and have no real experience making health care decisions.