

# KNOW YOUR BENEFITS.

From



## Embedded and Non-embedded Deductibles

Health insurance is something that everyone should have, but it's also something that many people don't completely understand. One of the concepts that is essential to grasp is how your deductible works. There are two basic types of deductibles for family coverage, and knowing which one you have and how it works will help you plan for out-of-pocket health care expenses.

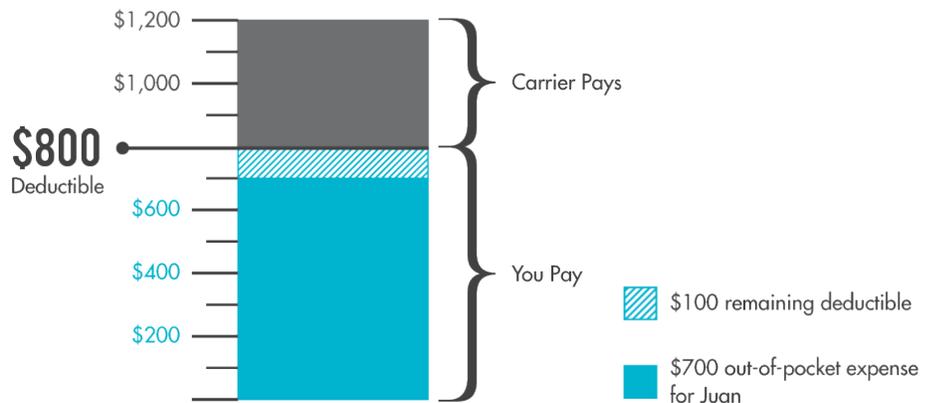
### **Deductibles**

A deductible is the amount you must pay out of pocket for medical care before the insurance company will begin paying. For example, if you have an \$800 deductible, you will have to pay for all health care costs until you've reached \$800. After that, your insurance will start paying, although you may owe a copay or coinsurance amount. The deductible starts over annually.

The deductible may not apply to all health care services, such as preventive care, which is covered without any cost sharing for non-grandfathered plans under the Affordable Care Act (ACA). In addition, not every medical expense you have counts toward your deductible; for example, if you have a service such as plastic surgery, which is not a covered benefit, those out-of-pocket expenses won't help meet your deductible.

*Deductible example: Juan's health insurance has an \$800 deductible, and he has had no health care expenses yet this year. Then Juan slips off a ladder while cleaning the gutters and breaks his leg. The X-rays, cast and crutches cost \$700, meaning Juan will pay the entire amount out of pocket because he has not yet met his deductible.*

### Individual Coverage - Standard Deductible



There are two basic types of deductibles for family coverage, and knowing which one you have and how it works will help you plan for out-of-pocket health care expenses.

### **Deductibles with Family Coverage**

Insurance plans can cover an individual or a family. If the plan is for family coverage, the deductible can be designed as either an embedded or non-embedded deductible.

#### **Embedded Deductibles**

Embedded deductibles have two components: the individual deductibles for each family member and the family deductible. When a family member meets his or her individual deductible, the insurance company will begin paying according to the plan's



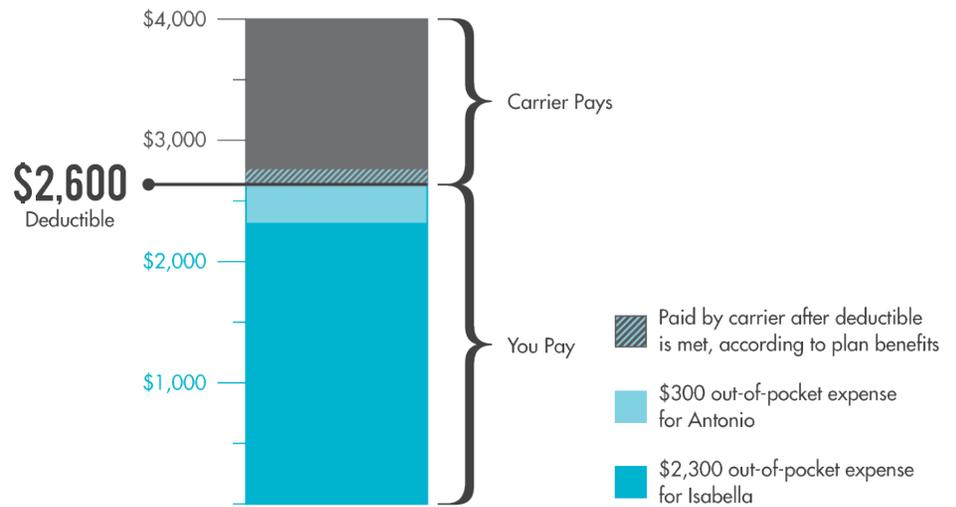
## Embedded and Non-embedded Deductibles

The non-embedded deductible is most common in HDHPs.

*Non-embedded deductible example: Antonio and his family have a health plan with a non-embedded deductible. The family deductible is \$2,600. Daughter Isabella had acute appendicitis that required surgery costing \$2,300. Antonio sprained his ankle and medical care cost \$400. The combined out-of-pocket expenses from Isabella's and Antonio's medical treatments met the family deductible; any further medical care for anyone in the family will be covered by the insurance company according to the plan benefits.*

Regardless of which type of deductible your plan uses, remember that you will need to pay that amount out of pocket before your insurance will start paying. Understanding how your deductible works will help you plan and save for your family's medical expenses.

### Family Coverage - Non-embedded Deductible



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