Understanding the Differences between Medical Plans

When it comes to selecting a medical plan, it's important to understand the differences between the options available. This page aims to provide a clear distinction between HMO (Health Maintenance Organization), Deductible HMO, and HDHP (High Deductible Health Plan) plans. By understanding the unique features and benefits of each plan, you can make informed decisions about your healthcare coverage.

Definitions of Medical Plans:

1. **Traditional HMO (Health Maintenance Organization) Plan:**
    - An HMO plan is a type of managed care health insurance plan with in-network coverage only.
    - It requires members to choose a primary care physician (PCP) who coordinates all healthcare services.
    - Referrals from the PCP are typically required to see specialists.
    - The Traditional HMO plan has low out-of-pocket costs and no deductible.
2. **Hospital Only Deductible HMO (DHMO) Plan:**
    - A Hospital Only Deductible HMO plan is a variation of the traditional HMO plan.
    - It operates similarly to an HMO plan, requiring members to choose a primary care physician.
    - Members must meet a deductible before the plan starts covering hospital related services.
    - Once the deductible is met, members pay a 20% coinsurance up to the maximum out-of-pocket.
    - Other services on the plan offers low-copays
    - Referrals from the PCP are usually required for specialist visits.
3. **HDHP (High Deductible Health Plan) Plan:**
    - An HDHP plan is a type of health insurance plan with a higher deductible than traditional plans, which must meet the IRS mandated limits.
    - It offers lower monthly premiums but higher out-of-pocket costs.
    - HDHP plans are typically paired with a Health Savings Account (HSA) to help cover medical expenses.
    - The deductible must be met before the plan starts covering most services.
    - Preventive care is covered without requiring the deductible to be met.

Key Differences:

Plan Type	Does it have a deductible?	When does the deductible apply?	Is it HSA compatible?	Is it FSA compatible?	Can it be paired with voluntary plans?
HMO	No	N/A	No	Yes*	Yes
Hospital Only Deductible HMO	Yes	Must be met before hospital related services are covered	No	Yes*	Yes
HDHP	Yes	Must be met before most services are covered	Yes	Limited purpose FSA only*	Yes

*Check with your Benefit Coordinator to confirm if your district offers a FSA.

Note: The information provided in the table is a general overview and may vary depending on specific plan details. Employees are encouraged to review their plan documents for accurate and up-to-date information.

Understanding spending accounts like Health Savings Accounts (HSAs) and Flexible Spending Accounts (FSAs) is crucial when selecting a medical plan. Before choosing, consider if the plan is compatible with a spending account. Please review the specific rules and guidelines from your plan administrator for a clear understanding of your spending account options. Consider your healthcare needs, anticipated expenses, and tax implications when deciding which account is most suitable for you.

Definitions of Spending Accounts:

1. **Health Savings Account (HSA)**
    - Only compatible with HDHP Plans
    - Individuals contribute pre-tax dollars
    - HSA funds can be used to pay for qualified medical expenses as deemed by the IRS (Publication 502)
    - HSA funds roll over from year to year and can be taken with you if you change employers or retire
    - HSAs offer the potential for long-term savings and investment growth.
    - Contains annual contribution limits

2. **Flexible Spending Accounts (FSA)**
    - FSAs are an employer-sponsored benefit using pre-tax dollars from an employee's paycheck
    - FSA funds can be used to pay for qualified medical expenses as deemed by the IRS (Publication 502)
    - FSAs have a "use-it-or-lose-it" rule, meaning dollars that are contributed must generally be used by the end of the year.
    - FSAs are not portable
    - Check with your Benefit Coordinator to:
        - Confirm if your district offers an FSA
        - Confirm if your district offers a limited purpose FSA, compatible with an HSA
        - Confirm contribution limits