

How deductible plans work

Deductible plans generally offer lower monthly premiums in exchange for paying more out of your own pocket for services covered by your health plan. With a deductible plan, you pay full charge for certain covered services until your expenses meet an annual deductible. Then, for covered services, you pay a coinsurance or copay.

Deductibles

Under a traditional deductible plan, certain covered services are subject to the deductible—the set amount for which you pay full charge in a contract year. This means you'll pay full charge for those services until you reach your annual deductible.

No deductible for many services

With some of our traditional deductible plans, many services are available for a copay—even before you reach your deductible.

With these deductible plans, services such as primary care, specialty care, and urgent care visits are available for a copayment before you meet your deductible.

And to encourage you to receive preventive care, many of these services are available for no charge before you meet your deductible.

Out-of-pocket maximums

Your out-of-pocket maximum puts a cap on how much you'll spend on most covered services each contract year. This helps protect you financially if you have a serious illness or injury.

In all our deductible plans, the deductible applies toward the out-of-pocket maximum.

For example, if you are a single subscriber on the KP 2000/30/Rx plan, you would pay full charge for most services until your out-of-pocket costs reach \$2,000 to meet your deductible. Then, you would pay an additional \$2,000 in copays and coinsurance to reach your \$4,000 out-of-pocket maximum. After you reach your \$4,000 out-of-pocket maximum, you won't have to pay any deductibles, copays, or coinsurance for most covered services for the rest of the contract year.

QUESTIONS?



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Using a deductible plan

Let's say you injure your ankle and visit your primary care physician, who orders an X-ray. It's just a sprain, so the doctor prescribes a generic pain medication.

On the KP 2000/30/Rx plan, you have to pay \$2,000 out of pocket before you are eligible to pay a copay or coinsurance for most covered services.

In this example, even if you have not met your deductible, you would pay a \$30 copayment (or copay) for the doctor's office visit because this service is not subject to the deductible under this plan. These copays would contribute toward your out-of-pocket maximum but not toward your deductible.

However, if you haven't met your medical deductible, you would pay full charge for the X-ray. And you would also pay full charge for the prescription until you meet the pharmacy deductible. The amount you pay for the X-ray would be applied to your \$2,000 medical deductible. And the amount you pay for the generic drug would be applied to your \$200 pharmacy deductible.

Visit the treatment fee tool at kp.org/treatmentestimates to estimate your out-of-pocket costs for upcoming services.

The HSA difference

Some of our deductible plans are HSA-qualified deductible plans. These plans can be paired with an optional health savings account, or HSA. HSA-qualified plans work similarly to traditional deductible plans with just a few differences:

- If you're eligible, you can open an HSA with an HSA-qualified plan.
- Money you deposit into your HSA is deductible on your federal income tax form.
- You can use funds from your HSA to pay for qualified medical expenses.

Tax savings relate to federal income tax only. For more information, please consult your financial or tax adviser. To learn more about health savings accounts, visit www.irs.gov/publications/p969/ar02.html or call 1-800-829-1040.

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Benefit highlights

	DEDUCTIBLE PLANS			
	KP 750/30/Rx	KP 1000/30/Rx	KP 1500/30	KP 2000/30/Rx
FEATURES	The deductible and most coinsurance and copays contribute to the out-of-pocket maximum.			
Annual deductible (individual/family)	\$750/\$1,500	\$1,000/\$2,000	\$1,500/\$3,000	\$2,000/\$4,000
Annual out-of-pocket maximum (individual/family)	\$3,500/\$7,000			\$4,000/\$8,000
BENEFITS	Services not subject to deductible unless otherwise indicated			
PREVENTIVE CARE	Many preventive care services, such as routine physical exams and mammogram screenings, are no charge.			
OUTPATIENT SERVICES (per visit or procedure)				
Primary care office visit				\$30 copay ¹
Specialty care office visit				\$40 copay
Outpatient surgery	20% of AC* (after deductible)		30% of AC (after deductible)	
Diagnostic labs and X-rays	20% of AC (after deductible)		30% of AC (after deductible)	
MRI, CT, and PET	20% of AC (after deductible)		30% of AC (after deductible)	
INPATIENT HOSPITAL CARE				
Hospital care and professional visits	20% of AC (after deductible)		30% of AC (after deductible)	
MATERNITY COVERAGE				
Routine prenatal visits				No charge
Routine postpartum and other prenatal visits				No charge
Delivery and inpatient well-baby care	20% of AC (after deductible)		30% of AC (after deductible)	
EMERGENCY AND URGENT CARE				
Emergency Department visit (waived if admitted)				\$150 copay
Urgent care visit (after hours)				\$40 copay
PRESCRIPTION DRUGS	(30-day supply filled at a Kaiser Permanente pharmacy)			
Pharmacy deductible (all drugs)	\$100 per member	\$150 per member	N/A	\$200 per member
Generic drug	\$10 copay (after pharmacy deductible)		Not covered	\$10 copay (after pharmacy deductible)
Preferred brand/Nonpreferred brand drug	\$30 copay/\$45 copay (after pharmacy deductible)		Not covered	\$35 copay/\$50 copay (after pharmacy deductible)
Contraceptives				No charge
OTHER				
Dental services	\$30 copay for preventive care services. See the "Dental Plan" section for more information.			

These are only highlights of plan coverage and are not inclusive. For specific benefit information, reference the *Guide to Your 2013 Benefits and Services (KFHP-NG-KPIF-DC for District of Columbia residents, KFHP-NG-KPIF-VA for Virginia residents, and KFHP-NG-KPIF-MD for Maryland residents)*, which you will receive upon acceptance. Please call Member Services at 301-468-6000 or 1-800-777-7902 for additional assistance. For a list of exclusions and limitations associated with the benefits shown, please see the "Exclusions and Limitations" section.

Under the Affordable Care Act, your coverage will be considered non-grandfathered coverage because you purchased a Kaiser Permanente for Individuals and Families plan after March 23, 2010.

The benefits that you select may change on January 1, 2014. At that time, in order to meet the new benefit standards under the Affordable Care Act, we may change the benefits and rate you pay under your plan, or ask you to select a new plan. In any case, we will notify you in advance and provide options for you to continue your coverage without a break.

¹Waived for children under age 5

*AC is the allowable charge.

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Benefit highlights




	DEDUCTIBLE PLANS	
	KP 4500/20%/Rx	KP 8000/0%/Rx
FEATURES	The deductible and most coinsurance and copays contribute to the out-of-pocket maximum.	
Annual deductible (individual/family)	\$4,500/\$9,000	\$8,000/\$16,000
Annual out-of-pocket maximum (individual/family)	\$9,000/\$18,000	\$10,000/\$20,000
BENEFITS	Services not subject to deductible unless otherwise indicated	
PREVENTIVE CARE	Many preventive care services, such as routine physical exams and mammogram screenings, are no charge.	
OUTPATIENT SERVICES (per visit or procedure)		
Primary care office visit	20% of AC* (after deductible)	No charge (after deductible)
Specialty care office visit	20% of AC (after deductible)	No charge (after deductible)
Outpatient surgery	20% of AC (after deductible)	No charge (after deductible)
Diagnostic labs and X-rays	20% of AC (after deductible)	No charge (after deductible)
MRI, CT, and PET	20% of AC (after deductible)	No charge (after deductible)
INPATIENT HOSPITAL CARE		
Hospital care and professional visits	20% of AC (after deductible)	No charge (after deductible)
MATERNITY COVERAGE		
Routine prenatal visits	No charge	
Routine postpartum and other prenatal visits	No charge (after deductible)	
Delivery and inpatient well-baby care	20% of AC (after deductible)	No charge (after deductible)
EMERGENCY AND URGENT CARE		
Emergency Department visit (waived if admitted)	20% of AC (after deductible)	No charge (after deductible)
Urgent care visit (after hours)	20% of AC (after deductible)	No charge (after deductible)
PRESCRIPTION DRUGS	(30-day supply filled at a Kaiser Permanente pharmacy)	
Pharmacy deductible (all drugs)	Subject to medical deductible	
Generic drug	\$15 copay (after deductible)	
Preferred brand/Nonpreferred brand drug	\$35 copay/\$50 copay (after deductible)	
Contraceptives	No charge	
OTHER		
Dental services	\$30 copay for preventive care services. See the "Dental Plan" section for more information.	

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How HSA-qualified deductible plans work

An HSA-qualified plan is a deductible plan that is eligible to be paired with an optional health savings account, or HSA. If you sign up for an HSA-qualified deductible plan and open an HSA, you can pay for qualified medical expenses with tax-deductible dollars.¹

An HSA-qualified plan works much like a traditional deductible plan. However, with an HSA-qualified plan, you pay full charge for all services (except certain preventive care services) until you meet your deductible. Then you are eligible to pay copayments or coinsurance for covered services for the rest of the contract year.

You can also save money with HSA-qualified plans because you can pay for qualified medical expenses — even those not covered by your health plan — with tax-deductible dollars. However, qualified expenses not covered by your health plan will not contribute to your deductible or out-of-pocket maximum.

All you have to do is:

- Sign up for an HSA-qualified health plan.
- If you are eligible, open a health savings account.
- Contribute tax-deductible dollars to this account.²
- Use those tax-free funds to pay for qualified health care expenses.

What you don't use rolls over to the next year and continues earning interest.³

Advantages of opening an HSA

- **Portability** The money belongs to you, so if you change health plans, you can take your HSA with you.
- **Rollover of unused funds** There is no "use it or lose it" restriction each year. What you don't use stays in your account until you are ready to use it.³
- **Control** You decide when to put the money in and when to take it out.
- **Retirement savings** The money in your account can be invested through the institution where you open it. And after age 65, you can use the funds, taxed at your ordinary income rate, for any reason without penalties.
- **Flexibility** You can use the money in your HSA to pay for qualified medical expenses, even those your deductible plan does not cover.

¹Tax references relate to federal income tax only. The tax treatment of health savings account contributions and distributions under state income tax laws differs from the federal tax treatment. Consult with your financial or tax adviser for more information.

²For 2013, the federally established maximum contribution for an eligible individual with self-only coverage is \$3,250. The annual maximum contribution for an eligible individual with family coverage is \$6,450. This annual maximum is indexed annually for inflation. Tax savings relate to federal income tax only. For more information, please consult your financial or tax adviser.

³Earnings vary depending on the type of investment plan you opt for and/or the HSA provider you choose. Amount earned is based on the investment plan and market value, and in some instances, the account may actually lose money.

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Using a health savings account

What are qualified medical expenses?

You can use an HSA to pay for deductibles and many supplies and services not covered by your health plan. Generally, these are expenses that would qualify for the medical and dental expense deduction on your income tax.

Here are just a few examples of HSA-qualified expenses:

- Eyeglasses and laser eye surgery
- Dental care
- Acupuncture
- Chiropractic services
- Hearing aids

For a complete list, see Publication 502, Medical and Dental Expenses at www.irs.gov.

Who's eligible for an HSA?

To be eligible for an HSA, you need to meet the following requirements:

- You can't be enrolled in Medicare.
- You can't be eligible to be claimed as a dependent on someone else's tax return.
- You can't have additional health coverage that is not a qualified deductible plan (with certain exceptions).
- You can't have received benefits from the Department of Veterans Affairs in the past three months.

You may set up your HSA through any financial institution that offers these accounts.¹

An HSA offers triple tax advantages

- Tax-deductible contributions to your account
- Tax-free investment earnings²
- Tax-free withdrawals when funds are used for qualified medical expenses

¹Kaiser Permanente does not provide or administer financial products, including HSAs, and does not offer financial, tax, or investment advice. Members are responsible for their own investment decisions. If a member uses his or her HSA debit card to pay for something other than a qualified medical expense, the expenditure is subject to tax and, for individuals who are not disabled or over 65, a 20 percent tax penalty.

²Investment losses may occur with HSA accounts. Earnings vary depending on the type of investment plan you choose and/or the HSA provider you choose.

Using an HSA-qualified deductible plan

Let's say you injure your ankle and visit your primary care physician, who orders an X-ray. It's just a sprain, so the doctor prescribes a generic pain medication.

With our HSA-qualified plans, you pay full charge for all covered services (except many preventive care services) until you meet your deductible. On the KP 1250/20/HSA/Rx plan, the deductible for an individual is \$1,250, so you would need to pay \$1,250 out-of-pocket to meet the deductible.

The good news is that the deductible contributes toward the \$3,000 out-of-pocket maximum in this plan. So, after spending \$3,000 out of pocket, you would not have to pay any charge for covered services for the rest of the year.

In this example, if the total costs you have paid out of pocket so far this contract year for covered services have not met your deductible, you would pay full charge for the doctor's office visit, the X-ray, and the medication. All the costs you pay for covered services would apply to your deductible, and your deductible would contribute to your out-of-pocket maximum.

If you have met your \$3,000 out-of-pocket maximum, the doctor's office visit, the X-ray, and the generic medication would be no charge under this plan.

And, if you opened an HSA, you would be able to pay for these services with tax-free dollars. (Tax savings relate to federal income tax only. For more information, please consult your financial or tax adviser. For more information on health savings accounts, please visit www.irs.gov/publications/p969/ar02.html.)

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	HSA-QUALIFIED DEDUCTIBLE PLANS	
	KP 1250/20/HSA/Rx	KP 2500/30/HSA/Rx
FEATURES	The deductible, coinsurance, and copays contribute to the out-of-pocket maximum.	
Annual deductible (individual/family)	\$1,250/\$2,500	\$2,500/\$5,000
Annual out-of-pocket maximum (individual/family)	\$3,000/\$6,000	\$5,000/\$10,000
BENEFITS	Services not subject to deductible unless otherwise indicated	
PREVENTIVE CARE		
Many preventive care services, such as routine physical exams and mammogram screenings, are no charge.		
OUTPATIENT SERVICES (per visit or procedure)		
Primary care office visit	\$20 copay (after deductible) ¹	\$30 copay (after deductible) ¹
Specialty care office visit	\$30 copay (after deductible)	\$40 copay (after deductible)
Outpatient surgery	20% of AC* (after deductible)	
Diagnostic labs and X-rays	20% of AC (after deductible)	
MRI, CT, and PET	20% of AC (after deductible)	
INPATIENT HOSPITAL CARE		
Hospital care and professional visits	\$500 copay per day (after deductible)	
MATERNITY COVERAGE		
Routine prenatal visits	No charge	
Routine postpartum and other prenatal visits	No charge (after deductible)	
Delivery and inpatient well-baby care	\$500 copay per day (after deductible)	
EMERGENCY AND URGENT CARE		
Emergency Department visit (waived if admitted)	20% of AC (after deductible)	
Urgent care visit (after hours)	\$30 copay (after deductible)	\$40 copay (after deductible)
PRESCRIPTION DRUGS		
(30-day supply filled at a Kaiser Permanente pharmacy)		
Pharmacy deductible (all drugs)	Subject to medical deductible	
Generic drug	\$10 copay (after deductible)	\$15 copay (after deductible)
Preferred brand/Nonpreferred brand drug	\$35 copay/\$50 copay (after deductible)	
Contraceptives	No charge	
OTHER		
Dental services	\$30 copay for preventive care services. See the "Dental Plan" section for more information.	



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