

CHOOSE A PLAN

DEDUCTIBLE AND HSA-QUALIFIED DEDUCTIBLE HMO PLANS

What our deductible HMO and HSA-qualified deductible HMO plans offer

IN THIS BROCHURE

- How our deductible plans work
- Understanding deductibles and out-of-pocket maximums
- Understanding HSAs (health savings accounts)
- Benefit highlights



SUPPORT YOUR GOALS WITH A PLAN THAT SUPPORTS YOU



How our deductible plans work

Deductible plans generally offer lower monthly premiums in exchange for higher out-of-pocket payments for covered services. With these plans, you pay full charge for many covered services until your expenses meet an annual deductible. Then, for covered services, you pay coinsurance.

In a family plan, there are two ways for enrolled family members to meet their deductible:

- Each family member can separately meet the individual deductible.
- The family's combined expenses can meet the family deductible.

No deductible for many services

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

To encourage you to receive preventive care, preventive care services are **available for no charge** before you meet your deductible.

Visit the treatment fee tool at kp.org/treatmentestimates to estimate the cost of your next appointment or your potential out-of-pocket medical costs for the year.

For more information on deductible plans, visit kp.org/deductibleplans.

A quick guide to our plan names

We've designed our plan names so you can easily tell what each one offers. The first number indicates your deductible and the second is your copay or coinsurance. We've also indicated whether the plan includes prescription benefits.

For example, our KP 1500/30/Rx plan has a \$1,500 deductible, a \$30 copay or 30 percent coinsurance for select covered services, and prescription benefits.

UNDERSTANDING DEDUCTIBLES AND OUT-OF-POCKET MAXIMUMS

Deductibles

Under a deductible plan, many covered services are subject to the **deductible**—the **set amount** for which you pay full charge in a calendar year.

This means you'll pay full charge for certain medical services until you reach your annual deductible. Of course, an exception to the deductible requirement is preventive care. Our preventive care services are no charge from the first day of coverage.

Out-of-pocket maximums

The **out-of-pocket maximum** is the **maximum amount** of coinsurance you have to pay out of pocket for basic health care services in a calendar year. If you meet your out-of-pocket maximum, you will not be required to pay anything out of pocket for certain covered services for the remainder of the calendar year.

In our deductible plans, the deductible does not apply toward the out-of-pocket maximum. You must first meet your deductible and then meet your out-of-pocket maximum. For example, if your deductible is \$2,000 and your out-of-pocket maximum is \$5,000, you would pay the \$2,000 deductible plus an additional \$5,000 in coinsurance before you would meet your out-of-pocket maximum.

In a family plan, there are two ways for enrolled family members to meet their out-of-pocket maximum:

- Each family member can separately meet the individual out-of-pocket maximum.
- The family's combined expenses can meet the family out-of-pocket maximum.



The HSA difference

Some of our deductible plans are HSA-qualified deductible HMO 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 from your federal income tax.¹
- You can use funds from your HSA to pay for qualified medical expenses.
- With HSA-qualified deductible plans, the deductible contributes to the out-of-pocket maximum. With other deductible plans, the deductible does not contribute toward the out-of-pocket maximum.

¹Tax savings relate to federal income tax only.

GOOD HEALTH IS AN INVESTMENT IN LIFE

Save for future expenses with an HSA-qualified deductible HMO plan

You may be looking for a plan that not only saves you money but also allows you to save for health expenses today and in the future. Our HSA-qualified deductible HMO plans, designed for people who want to take charge of their health care costs, may be right for you. When you enroll in one of these plans and choose to open a health savings account (HSA), you can use tax-free savings to pay for qualified medical expenses, such as deductibles, copays, and coinsurance.¹

How an HSA-qualified plan works

An HSA-qualified plan works much like a traditional deductible plan. You pay full charge for certain covered services out of pocket until you reach your deductible, and then you are eligible to pay a copay or coinsurance. The main difference is that you can save money with HSA-qualified plans.

All you have to do is:

- Enroll in 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

An HSA offers triple tax advantages

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

Other advantages of opening an HSA

- **Portability.** The money belongs to you, so if you change health plans, you can take your HSA with you.
- **Unused funds roll over.** 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.
- **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 2011, the federally established maximum contribution for an eligible individual with self-only coverage is \$3,050, and the annual maximum contribution for an eligible individual with family coverage is \$6,150. This annual maximum is indexed annually for inflation. Tax savings refer 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.

What are qualified medical expenses?

You can use an HSA to pay for deductibles, copays, coinsurance, 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 and orthodonture 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



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.

BENEFIT HIGHLIGHTS

Deductible plans

	KP 1500/30/Rx	KP 2000/30/Rx	KP 3000/30/Rx	KP 4000/30/Rx	KP 5000/30
Features					
Annual deductible (individual/family) ^{1,2}	\$1,500/\$4,500	\$2,000/\$6,000	\$3,000/\$9,000	\$4,000/\$12,000	\$5,000/\$15,000
Annual out-of-pocket maximum (individual/family) ²	\$3,750/\$7,500	\$5,000/\$10,000	\$7,500/\$15,000	\$10,000/\$20,000	\$5,000/\$10,000
Benefits Services not subject to deductible unless otherwise indicated					
Preventive care					
Immunizations	No charge				
Adult preventive care exam	No charge				
Well-child visit	No charge				
Well-woman visit	No charge				
Adult preventive screening	No charge				
Colorectal cancer screening	No charge				
Outpatient services (per visit or procedure)					
Primary care/Specialty care office visit	\$30 copay/\$50 copay				
Ambulatory surgery	30% coinsurance (after deductible)				
Diagnostic lab (in a medical office or contracted free-standing facility)	No charge				
Therapeutic and diagnostic X-ray	30% coinsurance (after deductible)				
Inpatient hospital care					
Hospital care and professional visits	30% coinsurance (after deductible)				
Maternity					
Routine prenatal care visit	\$30 copay				
Delivery and inpatient well-baby care	30% coinsurance (after deductible)				
Emergency and urgent care					
Emergency room visit	30% coinsurance (after deductible)				
Nonroutine care	\$30 copay				
After-hours care	\$75 copay				
Ambulance service	30% coinsurance (up to \$500 per trip)				
Prescription drugs					
Pharmacy (up to a 30-day supply filled at a Kaiser Permanente pharmacy) ³	Generic: \$15 copay/Brand: \$30 copay				Not covered
Mail-order (up to a 90-day supply) ³	Generic: \$30 copay/Brand: \$60 copay				Not covered

¹In deductible plans, the deductible does not apply to the out-of-pocket maximum. In HSA-qualified deductible HMO plans, the deductible does apply to the out-of-pocket maximum.

²For families in a deductible plan, individual family members are responsible for meeting the family deductible and out-of-pocket maximum only up to the individual deductible and out-of-pocket maximum amount, until the family out-of-pocket maximum is met. For family memberships in an HSA-qualified deductible HMO plan, the individual deductible and out-of-pocket maximum do not apply. The family deductible and out-of-pocket maximum can be met by a combination of family members.

³There are different copays and coinsurance for nonpreferred and specialty drugs. See the *Membership Agreement* for specific details.

HSA-qualified deductible HMO plans

	KP HSA 2000/20/Rx	KP HSA 2500/20/Rx	KP HSA 3000/20/Rx
Features			
Annual deductible (individual/family) ^{1,2}	\$2,000/\$4,000	\$2,500/\$5,000	\$3,000/\$6,000
Annual out-of-pocket maximum (individual/family) ²	\$4,000/\$8,000	\$5,000/\$10,000	\$5,950/\$11,900
Benefits Services not subject to deductible unless otherwise indicated			
Preventive care			
Immunizations		No charge	
Adult preventive care exam		No charge	
Well-child visit		No charge	
Well-woman visit		No charge	
Adult preventive screening		No charge	
Colorectal cancer screening		No charge	
Outpatient services (per visit or procedure)			
Primary care/Specialty care office visit		20% coinsurance (after deductible)	
Ambulatory surgery		20% coinsurance (after deductible)	
Diagnostic lab (in a medical office or contracted free-standing facility)		20% coinsurance (after deductible)	
Therapeutic and diagnostic X-ray		20% coinsurance (after deductible)	
Inpatient hospital care			
Hospital care and professional visits		20% coinsurance (after deductible)	
Maternity			
Routine prenatal care visit		20% coinsurance (after deductible)	
Delivery and inpatient well-baby care		20% coinsurance (after deductible)	
Emergency and urgent care			
Emergency room visit		20% coinsurance (after deductible)	
Nonroutine care		20% coinsurance (after deductible)	
After-hours care		20% coinsurance (after deductible)	
Ambulance service		20% coinsurance (after deductible)	
Prescription drugs			
Pharmacy (up to a 30-day supply filled at a Kaiser Permanente pharmacy) ³		Generic: \$15 copay/Brand: \$30 copay (after deductible)	
Mail-order (up to a 90-day supply) ³		Generic: \$30 copay/Brand: \$60 copay (after deductible)	

This is only a summary. For more detailed information, refer to the *Health Benefit Plan Description Form*, which you may obtain by calling 1-800-634-4579. Once you become a member, you will receive your *Membership Agreement*, which can be used to determine the exact terms and conditions of your coverage.

Kaiser Permanente for Individuals and Families

Visit buykp.org/apply
or call 1-800-494-5314