



Understanding Short Term Medical Plan Deductibles/ Coinsurance/Maximum Out of Pocket

Short Term Medical plan expenses accumulate differently than traditional insurance plans.

Deductible - With short term medical plans, you choose a deductible amount of \$2,500, \$5,000, or \$10,000. This amount is what you can expect to pay for services such as physician office visits (in excess of your allotted number of copay visits), outpatient surgery, surgeon services, inpatient hospital room and board, nursing care, intensive care, inpatient physician, x-rays, laboratory tests and analysis, etc. (please refer to policy details for a full list). Please note, the deductible starts over with each new policy period (example – an insured with a 364 day policy that begins a new policy on the 365th day will be subject to meeting a new deductible/coinsurance/maximum out of pocket).

Coinsurance – You will also choose the percentage of the cost of your claims you will be responsible for paying after you have paid your deductible. Choices are 20%, 30%, and 50%.

Out of Pocket Maximum – This amount is the most you will pay for eligible expenses when in the coinsurance stage. There are choices of \$4,000, \$6,000, \$5,000 and \$10,000, however options are dependent on coinsurance choices. Important note – the maximum out of pocket you may pay only includes coinsurance, NOT deductible.

Example – An insured has chosen a \$2,500 deductible, 20% coinsurance, and a maximum out of pocket of \$4,000. She/he has an eligible medical expense of \$100,000:

\$100,000	Cost of eligible medical expense
\$2,500	Insured's deductible responsibility to pay
\$4,000	Insured's coinsurance responsibility to pay
	(Note – Although coinsurance is 20%, the maximum out of pocket limits insured's expense to \$4,000)
\$93,500	Remainder paid by insurance

Example with the same deductible, coinsurance and maximum out of pocket but lower medical expense:

\$20,000	Cost of eligible medical expense
\$2,500	Insured's deductible responsibility to pay
3,500	Insured's coinsurance responsibility to pay
	(Note - $\$20,000 - \$2,500 = \$17,500 \times 20\% = \$3,500$)
\$14,000	Remainder paid by insurance