

UNDERSTANDING DEDUCTIBLES: AGGREGATE VS. EMBEDDED

AGGREGATE:



Annual Deductible:

- \$2,000 (Individual)
- \$4,000 (Family)

Medical Expenses:

- John: \$500
- Jane: \$250
- Jack: \$2,000

Medical Plans have one of two deductible models: an **embedded** deductible or an **aggregate** deductible.

The main difference between an “embedded” and “aggregate” deductible is that one individual cannot meet the deductible for the family with an embedded deductible whereas they can achieve this under an aggregate structure.

This difference only impact participants enrolled in single coverage. It does, however, have a major impact on anyone who is covering multiple family members under the same insurance plan.

EMBEDDED:



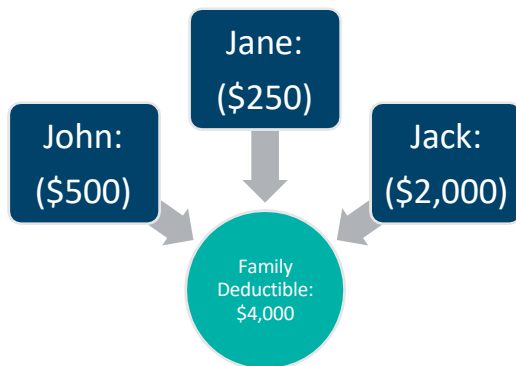
Annual Deductible:

- \$3,200 (Individual)
- \$6,400 (Family)

Medical Expenses:

- John: \$500
- Jane: \$250
- Jack: \$3,200

With an **aggregate family deductible**, your family will be paying the deductible until the entire family deductible is collected.

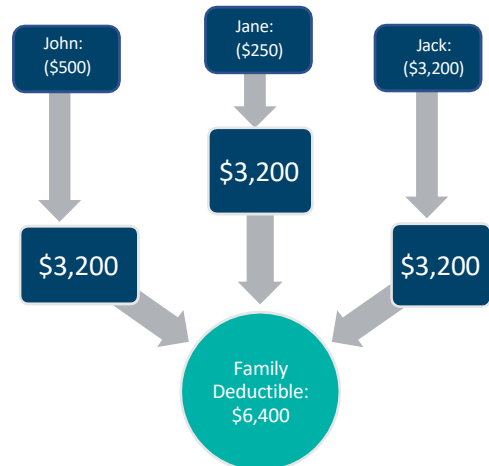


Jack trips & sprains his wrist and needs to go to the emergency room. Will the co-insurance kick in immediately since he has already met the \$2,000 individual deductible?

NO.

The family has only had a total of \$2,750 in medical expenses. Jack will need to pay the remaining \$1,250 of the family deductible before the co-insurance will take effect. Once the co-insurance is in effect, he will only need to pay 20% of the remaining emergency room expenses.

With an **embedded family deductible**, the plan begins to make payments as soon as one member of the family has reached their individual deductible



Jack trips & sprains his wrist and needs to go to the emergency room. Will the co-insurance kick in immediately since he has already met the \$3,200 individual deductible?

YES.

Jack only has to meet his individual deductible of \$3,200 and he has already had \$3,200 in medical expenses. Jack's HDHP will help pay for this trip to the emergency room, and he is only subject to the co-insurance. However, if anyone else in the family had tripped instead of Jack, the co-insurance would not kick in for them until they hit their \$3,200 individual deductible or the difference to the \$6,400 family deductible.