

Cost-Sharing Overview

A Cost-Sharing Example and Glossary

The following example and glossary were created to help you better understand your health coverage and payments for which you may be responsible. Note that the example is for illustrative purposes only. For specific information about what is covered under your plan, refer to your [Summary of Benefits](#) and your [Member Handbook](#). If you have further questions, please call the NHP Customer Service Center at 1-800-462-5449.

Cost-Sharing Example

John's health plan includes the following cost-sharing components (click on highlighted words for a definition):

Primary Care Provider Copays :	\$25	Annual Deductible :	\$1,000
Specialist Visit Copays:	\$40	Coinsurance :	20%
Preventive Care Copays:	\$0	Annual Out-of-Pocket Maximum :	\$2,000

John hurts his hand in a fall. The next day, John's hand is swollen and painful. He contacts his primary care provider (PCP) and makes an appointment to see him that day.

Read below to see what services John gets to take care of his hand, and the cost of these services to John. You will also see how much of John's deductible and out-of-pocket maximum remains after each service.

SERVICE	TOTAL COST	NHP PAYS	JOHN PAYS	WHY?	JOHN'S DEDUCTIBLE BALANCE	JOHN'S OUT-OF-POCKET MAXIMUM BALANCE
PCP Visit	\$135	\$110	\$25	<ul style="list-style-type: none"> NHP pays for the visit minus John's \$25 copay. John is responsible for all copays for non-preventive office visits to his PCP. Because this office visit is for his injured hand, it is considered a non-preventive PCP office visit. Copays under \$100 do not count toward a deductible or out-of-pocket maximum; therefore, this \$25 copay is not applied to the deductible or out-of-pocket maximum. 	\$1,000	\$2,000

Specialist Visit	\$200	\$160	\$40	<ul style="list-style-type: none"> • John's PCP refers him to a specialist. • NHP pays for the visit minus John's \$40 copay. John is responsible for all copays for specialist office visits. • Copays under \$100 do not count toward a deductible or out-of-pocket maximum, therefore, this \$40 copay is not applied to the deductible or out-of-pocket maximum and they remain the same. 	\$1,000	\$2,000
X-rays	\$300	\$0	\$300	<ul style="list-style-type: none"> • John's specialist orders x-rays for John. • John has not yet paid anything toward his deductible; therefore, John must pay the \$300 for X-rays. • This \$300 payment counts toward the deductible and out-of-pocket maximum and both have been reduced by this amount. 	\$700	\$1,700
Hand Surgery	\$5,700		\$700	<ul style="list-style-type: none"> • After reviewing the X-rays, John's doctors determine he needs surgery. • Since John has \$700 remaining for his deductible, he must pay this amount toward the surgery. • John's deductible and out-of-pocket maximum is reduced by this amount. 	\$0	\$1,000
			\$1,000	<ul style="list-style-type: none"> • A \$5,000 balance still needs to be paid for the surgery. • John's health plan includes 20% coinsurance, and John still has not reached his annual out-of-pocket maximum. • Therefore, John must pay 20% of the \$5,000 balance, or \$1,000 • This \$1,000 balance is applied to John's out-of-pocket maximum. • Since John has met his annual deductible and reached his out-of-pocket maximum, NHP is responsible for the remaining balance for the surgery, or \$4,000. 	\$0	\$0
		\$4,000				

Post-Surgery X-rays	\$300	\$300	\$0	<ul style="list-style-type: none"> • John's specialist orders additional X-rays for John's hand, post surgery. • Since John has met his annual deductible and reached his annual out-of-pocket maximum, he does not have to pay for covered services that apply towards the deductible and out-of-pocket maximums for the remainder of the year. • Therefore, NHP pays for 100% of the X-rays. 	\$0	\$0
TOTAL	\$6,835	\$4,730	\$2,105		\$0	\$0

NOTES:

1. The above example is for illustrative purposes only. Check your Summary of Benefits for the specifics of your health plan.
2. The example includes a deductible and out-of-pocket maximum that accumulates over a 12-month period. You should check your Summary of Benefits to determine whether your plan's cost sharing is accumulated on a calendar-year or plan-year basis.

Cost-Sharing Glossary

ALLOWED AMOUNT—The allowed amount is the maximum amount on which payment is based for covered health care services.

This may be called “eligible expense,” “payment allowance,” or “negotiated rate.” The allowed amount is accepted as the full payment for covered services by contracted providers and facilities.

CALENDAR YEAR—A calendar year is the period starting January 1 and ending December 31 of any year. Your first calendar year for a health plan begins on your effective date and ends on December 31 of that same year.

COINSURANCE—Your plan may require you to pay coinsurance for certain services. **Coinsurance is your share of the costs of a covered health care service, calculated as a percent (for example 20%)** of the allowed amount for the service. After you have paid the deductible, you pay the coinsurance percent of the allowed amount plus any deductibles you owe.

COPAYMENTS (COPAYS)—Your plan may require you to pay copayments (copays) at the time you receive a service. **A copay is a fixed dollar amount (for example, \$25) that you pay for a covered health care service** such as a visit to your primary care office or a specialist. The amount of the copay may be different depending on the service you receive. For example, the copay for a visit to your primary care provider may be different than the copay for a visit to your specialist. Copays do not apply toward your deductible amount. Copays of \$100 or more, however, count toward your out-of-pocket maximum.

DEDUCTIBLE—Your plan may include a deductible. **A deductible is a dollar amount you need to pay each year before NHP begins to pay for covered health care services.** Once you have paid your deductible during a calendar year, you will no longer be required to pay a deductible for any additional covered health care services for the remainder of that year (until December 31). The types of services that apply to a deductible include X-rays, outpatient surgeries, including biopsies performed during a colonoscopy, inpatient hospital admissions and in some cases, durable medical equipment such as crutches or a wheelchair and supplies ordered by a health care provider for everyday or extended use. The deductible may not apply to all services. You should refer to your Summary of Benefits for more details.

OUT-OF-POCKET MAXIMUM—Your plan may have an annual out-of-pocket maximum. **Your out-of-pocket maximum is the MOST you will pay each year for certain covered services that apply toward the maximum before NHP will begin to pay 100% for these covered services.** All copayments of \$100 or more, deductibles, and coinsurance that you pay will go toward your out-of-pocket maximum. Some plans have a medical out-of-pocket maximum as well as a pharmacy (Rx) out-of-pocket maximum. If your plan includes an Rx out-of-pocket maximum, all Rx copays, Rx deductibles, and Rx coinsurance apply to the Rx out-of-pocket maximum. Please check your Summary of Benefits or call the Customer Care Center at 800-462-5449 to find out if your plan has an out-of-pocket maximum for medical or pharmacy expenses.

PLAN YEAR—A plan year is a **12-month period of benefits coverage under a group health plan**. This 12-month period may not be the same as the calendar year.

PHARMACY (Rx) DEDUCTIBLE—Your plan might also include a separate annual deductible for prescription drugs. You must pay this amount in full before NHP will begin to pay for your prescription drugs. Once you have met your deductible, you will then need to pay your plan’s required prescription drug copayment or, if applicable, a coinsurance charge.

PREVENTIVE CARE—Preventive care includes routine **health care services (certain screenings, check-ups, and patient counseling) that help you avoid illness and improve your health**. Be aware that you may go for a preventive care visit and be charged for screenings or other care that are NOT considered preventive.

How Benefit/Cost-Sharing “Accumulators” Work: Plan Year vs. Calendar Year

ACCUMULATORS—Accumulators **reset each year and include copays, coinsurance, out-of-pocket maximums, and certain benefits** (e.g., day limits on certain benefits). Please refer to your Summary of Benefits for details.

CALENDAR YEAR ACCUMULATOR—A calendar year accumulator **begins on January 1 and ends on December 31 of the same year**.

PLAN YEAR ACCUMULATOR—A plan year accumulator **begins on account effective/renewal date and ends after 12 months**.

POLICY YEAR—A policy year is **an account’s 12-month-effective period**. An account’s policy year may be different from their accumulator year.

Accumulator Examples

1. Group A’s **policy year** begins on July 1 and ends on June 30. Their **accumulators** are based on a **plan year** (e.g., July 1–June 30). This account renews with NHP and resets its **accumulators** on July 1.
2. Group B’s **policy year** begins on January 1 and ends on December 31. Their accumulators are based on a **calendar year** and begin on January 1 and end on December 31. This account renews with NHP and resets its **accumulators** on January 1.
3. Group C’s **policy year** begins on July 1 and ends on June 30. Their **accumulators** are based on a **calendar year** and begin on January 1 and end on December 31. This account renews with NHP on July 1 and resets its **accumulators** on January 1.