

make it yours



What's the deal with deductibles?

When it comes to health insurance, a “deductible” may seem pretty straightforward. It’s just a number, after all. But it can be tricky to understand. Here are a few quick tips for making sense of it all.

You need to know your medical deductible—the amount *and* type. Why? So you can plan your expenses ahead of time, make sure things are billed correctly, and not get hit with an unwelcome surprise. So why is it challenging to figure out sometimes?

Let’s consider other forms of insurance first. Car insurance and homeowners insurance typically have one deductible per policy.

But medical plans usually have individual *and* family deductibles.

That’s because medical plans insure people instead of things. So it makes sense for a medical deductible to vary based on number of people covered.

Here’s where it could get tricky. **Even if you have family coverage, you may still only need to meet the *individual* deductible.** These plans have what’s called a “traditional deductible.”

With a “traditional deductible,” *your* expenses will be covered once *your individual* deductible is met. That’s helpful if someone in your family needs a lot of care.

Say you get in a car accident with your spouse, and you both need medical attention. You’ll each work toward your individual deductibles, *until the total combined expenses* reach the family deductible. So if one of you requires more care, insurance may pay benefits for you before your spouse.

On the other hand, an individual deductible can be a costly surprise if you’re not prepared.

Have a baby? Wonderful! But be aware: That’s another individual deductible to meet, unless you’ve already met the family deductible. Granted, if the baby’s healthy, hospital charges are typically billed to the mom. But any doctors’ charges for your little one (e.g., pediatricians) will go toward the baby’s deductible. So will nonroutine facility expenses, like if your child spends time in the neonatal intensive care unit.

Deductible:

The amount you pay before your insurance carrier starts to pay. With a \$1,500 deductible, for example, you pay the first \$1,500 of medical expenses yourself.

You can make sure expenses are counting toward the right person's deductible on your insurance statements (called "Explanation of Benefits").

What happens when you meet a deductible? That's another common point of confusion. With car insurance and homeowners insurance, the deductible is sometimes all you owe.

But **meeting your medical deductible generally means insurance will start covering a *percentage* of your expenses** (typically a large percentage, but still not "all").

In summary, if you want to play it smart, make sure you:

- Know *how much* your medical deductible is, so that you can plan ahead;
- Know what *type* of deductible you have, so you're planning for the right amount; and
- Double-check that expenses go to the right deductible, so you're billed correctly.

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