

What is an Embedded Deductible?

Jefferson School District offers a high deductible health plan with a \$3,000 deductible for employee only and a \$6,000 deductible for family coverage. We are going to focus on the employee deductibles AFTER the HRA, which are \$500 single and \$1,000 family.

When the deductible is embedded, that means one person under a family plan will not pay more than the \$500 single deductible. Some examples:

- 1- John Doe, employee – covers himself and his spouse. Subject to a family deductible of \$1,000. If John has a \$10,000 claim for himself, he will owe \$500. This is because the single deductible is the most any ONE person will pay. Even on the family plan.
- 2- Bob Smith, employee – covers himself, his spouse and two children. Bob has a \$10,000 claim. He will owe his \$500 deductible and then all additional covered charges for him will be paid at 100% for the remainder of the plan year. If his spouse has a \$250 claim, she will owe the \$250. Then, if child1 has \$125 claim and child2 later has a \$300 claim, the entire family deductible will have been met and all members will have any additional covered charges paid at 100% for the remainder of the plan year.

Member	Claim Amount	Deductible Applied
Bob Smith (employee)	\$10,000	\$500
Spouse	\$250	\$250
Child 1	\$125	\$125
Child 2	\$300	\$125
TOTAL	\$10,675	\$1,000 <i>(family deductible met)</i>

Timing is VERY important in all claims. Just because you have a date of service prior to your family member, it doesn't necessarily mean your claim will be processed first. It depends on how long it takes the provider to file and if the claim needs to be processed manually or can process automatically with the carrier.

