Healthcare Savings Hacks

Justworks

What is the Guidepost?

The Guidepost is an online learning platform for navigating major life events, such as paying off student debt and starting a family. It's designed for busy people who don't have a lot of time to piece together all the right information when it comes to the admin of life.

We're starting with a growing library of free short courses and will expand to new forms of content and programming based on the needs and preferences of our members/community. Our goal is for the experience to be as easy and informative as possible, so people can make decisions with confidence and get back a little time in their day.

Who runs the Guidepost? Why is it free?

The Guidepost is managed by **Justworks**, an HR tech company that gives entrepreneurs and their teams access to benefits, payroll, and compliance support. Our mission is to help start-ups and small businesses grow with confidence. Every week, we speak to thousands of employees who are looking for help navigating important life events, such as getting married, moving to a new city, or saving for retirement. We believe this information should be accessible for everyone, so we created The Guidepost.

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LESSON ONE

Health Insurance 101

Hi! Welcome to Healthcare Savings Hacks, a free short course from Justworks.

The goal of this course is to arm you with some practical tips and tricks for cutting down the cost of your health-related expenses. Whether you're currently covered through your employer or through an independent plan, there are lots of ways to reduce your insurance costs and medical bills.

Here are some hacks we'll cover in this course:

- → Negotiating medical bills
- → How to use healthcare advocates
- → Prescription drug cost-savers
- → Pre-tax benefits, including HSAs and FSAs
- → Preventive care
- → Staying in-network
- → Creating a healthcare budget

We're going to kick things off by taking a look at a few very simple - but very effective - ways to cut back on your health insurance spending.
Let's jump right in!

How to Speak Health Insurance

Understanding health insurance vernacular is notoriously tricky. Here is a quick glossary of basic health insurance terms and their definitions that you can return to and reference throughout this course.

Copay	The pre-set dollar amount you have to pay for a specific type of service or visit regardless of its cost.
Coinsurance	You and your insurance company are each responsible for a fixed percentage of the costs of any covered health care service. For example, if your insurance company pays 80% of the cost of a given service, you will be the hook for the remaining 20%.
Deductible	The deductible is the amount of money you will personally pay for health care services before your insurance kicks in and starts to cover services.
Out-of-pocket maximum	This is the most you'll have to personally pay for health care in a plan year, including payments towards coinsurance, copays, and the deductible. Once you reach the limit, your insurance company will pay 100% of any and all future costs that are covered by your plan.
In-network	Doctors, hospitals, and other healthcare providers that have contracted with your insurance company to provide services at a discounted rate. Your costs may be higher if you use any providers and facilities that aren't in-network or "out-of-network".
Monthly Premium	The monthly amount that you will pay to your health insurance company in exchange for health coverage. If you receive insurance through your job, your employer may contribute towards this amount.

Qualifying Life Event	These are certain major life events, such as leaving your job or turning 26, that can qualify you for a "Special Enrollment Period" outside of the Open Enrollment Period, during which you can enroll for health insurance coverage.

Breaking Down Health Insurance Costs

In the US, healthcare is privatized, which means the industry's products, services, and prices are controlled in large part by private companies. For most of us, health insurance is not cheap. That said, the cost of paying a monthly premium to a health insurance company **pales in comparison** to the cost of receiving healthcare if you're uninsured.

Here's a basic, illustrative example of how a $8,500 hospital bill would be paid with insurance vs. without insurance:

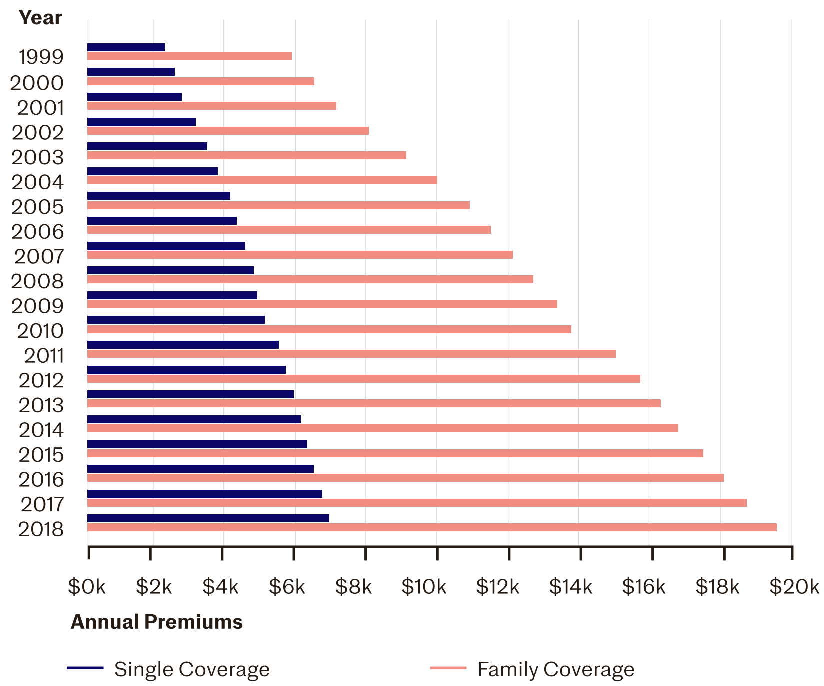
	With insurance	**Without Insurance**
Medical bill amount	$8,500	$12,500
Insurance company pays	100%	0%
Patient (you) pays	$0.00	$12,500 (plus interest in some cases)

Stats Worth Knowing

Here are a few things to know about healthcare costs in the US today:

- → **Recent census information** reports that around 8.5% percent of Americans today are not covered by health insurance.
- → In 2019, the **average annual premium** for single coverage was $7,188. For family plans, it was $20,576.
- → While there's some **variation between states**, the average cost of monthly health insurance premiums in the US today is currently around $500.
- → The price of annual premiums for individual and family plans have been steadily increasing over the last two decades, and the trend can be expected to continue into the future (assuming our current system remains in place):

Average Annual Premiums for Single and Family Coverage, 1999-2018



Source: Gary Claxton et al. Health Aff 2018, 27. Published online

Particularly if you're young and just getting started in your career, $500 is a significant amount to pay every month. But foregoing health insurance entirely is not a viable alternative. For most of us, healthcare coverage is simply not optional.

That said, we're not totally powerless when it comes to taking control of how much we're spending. Let's explore some strategies that can help you cut down on healthcare costs.

Preventive Care Services Are Your Friend!

As you can probably tell from the name, "preventive care" refers to medical services that can help you to avoid getting sick. They're intended to uncover any predispositions you might have to certain diseases, illnesses, or medical conditions.

When you go in for preventive care services, a doctor will assess your personal risk factors based on your genes, medical history, environment, and lifestyle. They will then be able to prescribe lifestyle routines, dietary regimens, and (if necessary), medication(s) aimed at mitigating those risks.

Trust us, we get it: you're busy, and it's not easy to find the time to go to the doctor, especially when you're not feeling anything out of the ordinary. But you should think of preventive care services as the first step towards medical emergency preparedness. It's much easier on your health (and on your bank account) to take preemptive action now than it is to be blindsided by a health emergency.

And here's the best part: under the **Affordable Care Act (ACA)**, most health insurance plans are required by law to cover a wide range of preventive care services. For adults, those include:

- Alcohol abuse counseling
- Blood pressure screenings
- Depression screenings
- Diabetes (Type 2) screenings
- Diet counseling
- General primary care visits
- HIV Screenings
- Women's health screenings
- Immunization vaccines, including:
  - Influenza (flu shot)
  - Measles
  - Mumps
  - Rubella
  - Tetanus
- Syphilis screenings
- Tobacco use screenings

Here's a **full list** of the preventive care services that are available to adults through the ACA.

Stay In-Network (As Often As You Can)

Every health insurance plan comes with a list of providers (medical centers and doctors) whose services it will cover. The facilities and professionals that are included in these lists are "in-network." They're also commonly referred to as "participating providers."

When you receive "out-of-network" care (that is, when you receive care from a hospital or a doctor that's not included in your plan) you risk being charged a lot more.

Let's say, for example, that you need to get an X-ray for a broken bone. Typically, a doctor might charge an uninsured patient anywhere between $100 and $1,000 for an X-ray screening. But when a doctor joins a health insurance provider's network, they agree to accept the insurance provider's approved amount for all basic services. And since most plans are required to cover **essential health benefits** (including X-rays) in full, receiving your X-ray from a doctor who's in-network could save you hundreds of dollars.

Take Advantage of Wellness Incentive Programs

Many health insurance plans will come with incentive programs that are aimed at promoting your physical and mental health. For example, you might be able to save money just by taking a certain number of steps each day and recording them with a fitness tracker.

For marketplace health insurance plans (vs those you might get through your employer), insurance companies take a variety of factors into account when determining the amount to charge for a premium. This includes some that are related to your health. Tobacco users, for example, tend to be charged a higher premium as a result of their increased risk of lung disease and other illnesses.

* The two health-related factors that can affect premium costs are age and tobacco use. Aside from that, it's currently illegal for healthcare providers to increase your premium as a result of your current health or your medical history.

By offering savings to members who are willing to take care of their health through these programs, insurance companies are decreasing the chances of those members' having to receive medical treatment in the future (which they'd be obligated to pay for). In the end, everybody wins! By taking advantage of these programs, you could potentially save hundreds on your annual premium, and improve your overall health at the same time.

Contact your insurance provider to learn more about any wellness incentive programs that are available to you. Or, if your coverage is currently being provided to you through your employer, check out your employee handbook or set up a time to speak with an HR representative.

LESSON TWO

Medical Bills & Prescriptions

Hi! Welcome to lesson two Healthcare Savings Hacks, a free short course from Justworks.

In the first lesson, we took an in-depth look at some simple ways to cut back on health insurance costs.

If you've ever received medical care, though, you probably understand that insurance doesn't always cover the full cost of care. Oftentimes, there are items on medical bills that you'll be required to pay for out-of-pocket - even if you're covered by a high-quality insurance policy.

Today, we are going to explore some ways to minimize medical expenses that are not covered by insurance.

Tips for Minimizing Your Medical Bills

Believe it or not, clerical errors are one of the leading factors that cause Americans to overpay for medical care. In fact, it's been estimated that **as many as eight in ten hospital bills** contain accidental overcharges.

To minimize your chances of overpaying, follow these steps:

1. **Request an itemized bill.** In contrast to a regular hospital, doctor's office, or provider bill, an itemized bill will break down the specific, individual charges that you're being asked to pay. This will give you a much more comprehensive picture of what you're being asked to pay for, and why.
2. **Review (and double-check) your bill.** Once you have an itemized bill in hand, ask yourself: does it accurately list only the services, procedures, and prescriptions that you received? Does it contain any items or care services which you did not actually receive?
3. **Compare your bill with your insurance coverage.** After you leave the hospital or the doctor's office, your insurance provider will send you an explanation of benefits (EOB) document. This will outline, in detail, the services that have been covered by your policy and those that were not. Once you have this document, compare it with the itemized medical bill to make sure that you're not paying out-of-pocket for any items or services that your insurance policy is supposed to cover.
4. **Negotiate.** Here in the US, medical providers compete with one another, which means that doctors and clinics need to provide incentives for patients to return in the future. The upshot of this is that many (though not all) healthcare facilities will be able to offer you a lower price for certain services. But you have to be willing to ask for it.
5. **Open a Health Savings Account through your employer.** Employer-sponsored HSAs are a great way to cover those medical expenses that aren't covered by your health insurance policy. Contributions to your HSA will grow tax-free, and can be accessed easily and quickly to pay for future **qualifying medical expenses**. To learn more about the HSA options that are available to you, reach out to your boss or to your company's HR department.

6. **Work with a medical bill reviewer.** To the untrained eye, reading medical bills can feel like trying to decipher a foreign language. If you find yourself having trouble understanding the various codes and legalese contained in your medical bill, and if you're concerned that you might be paying too much, you may want to consider working with a bill reviewer. This is a professional who will be able to tell you why you're being charged a certain amount, and if you have any recourse to lowering your cost.

How to Cut Prescription Drug Costs

It's estimated that **nearly half of all Americans** are currently prescribed to at least one kind of medication. At the same time, **a recent study** demonstrated that Americans overpay for prescriptions 23% of the time.

There are many reasons behind this nationwide trend. On the one hand, many people will tend to buy the most expensive drug options when there are more affordable (and equally effective) generic options available. It's also the case that many people aren't always aware of the many discount programs, coupons, and other payment-assistance options that are available for anyone who's looking to cut back on prescription medication costs.

Here are six simple steps to follow to reduce the cost of your next prescription:

1. **Ask your doctor if there are any generic versions of your prescription available.** As mentioned above, many people overpay for their medication simply because they're purchasing the newest, most expensive drug. In many cases, however, there are generic versions that will have the same effect at a fraction of the cost. So before you leave your doctor's office to fill your next script, be sure to ask him or her about any alternative generic options.

   You can also use **this search tool** to find out if there are any generic options of your prescription that are currently available!

2. **Talk to your doctor about over-the-counter options.** Depending on your medical condition, you may be able to use over-the-counter drugs to avoid

having to pay for expensive prescriptions. Of course, you should always be sure to talk to your doctor before you decide to replace your prescribed medication with an OTC drug.

3. **Shop around for coupons.** Many doctors offices and pharmacies will be able to offer you coupons and rebate options for the medication that you've been prescribed. Alternatively, you can check out the drug company's website to find out if there are any printable coupons available.

   There are also some online resources that you can use to locate prescription drug coupons and rebates. Here are a few that we recommend checking out: **Discount Drug Network** | **RxSaver** | **GoodRx**

4. **Compare prices between pharmacies.** Just like any other product, prescription medication prices tend to vary from one retailer to the next. So before you fill your next prescription, make it a point to contact more than one pharmacy to find out the sale price of your medication.

5. **Sign up for a discount program.** There are tons of organizations and companies out there that offer prescription payment plans to help members cut back on the cost of prescription(s). Here are just a few examples:
   Retailers: **Walgreens** | **Target** | **Wal-Mart**
   Non-profits: **AARP** | **America's Pharmacy** | **Rx Outreach**

6. **If possible, start with a smaller dose.** TAs anyone who has been prescribed pharmaceuticals in the past will probably be well aware, finding the right medication is often a process of trial and error. In some cases, patients will start taking a prescribed medication only to find that it does not produce the intended effects or that it does produce some seriously negative side-effects. Everyone's biological makeup is unique, which means it often takes some time to find the prescription medication that is just right for you.

With that in mind, you might consider talking to your doctor about receiving a "starter dose" of a prescription (that is, a prescription that only has a couple of weeks' worth of doses) so that you can test the waters and see how well your body responds to it. That way, if it turns out that your and your medication(s) do not mix well, you can fill a new prescription without having to worry about any money being wasted on the previous drug.

LESSON THREE

Pre-Tax Benefits

Hi! Welcome to the third lesson Healthcare Savings Hacks, a free short course from Justworks.

In this lesson, we're going to continue to build our healthcare savings roadmap by taking a close look at pre-tax employee benefits. The goal is to provide you with the information you need to take full advantage of these benefits through your employer.

To get started, let's take a look at what pre-tax benefits are and how they work.

What is a Pre-Tax Benefit?

A "pre-tax benefit" - also commonly referred to as a pre-tax deduction - is any employee benefit, perk, or savings account with a value that's been taken directly out of an employee's paycheck before federal taxes are assessed. In this way, pre-tax benefits have the power to significantly reduce the amount of taxable income that an employee winds up with at the end of the calendar year.

The funds provided through post-tax benefits, on the other hand, are withheld from an employee's paychecks only after they have been taxed by the federal government. Some common examples of post-tax benefits include employer-sponsored and life insurance policies, as well as Roth 401(k)s.

Common Types of Pre-Tax Benefits

No two employee benefits packages are exactly alike. As a result, every employer will vary in terms of the specific pre-tax benefits that are available to employees. That said, there are a few common ones that you should know about:

Flexible Spending Accounts (FSAs)

An FSA is an employer-sponsored savings account which allows you to set aside a percentage of your income to cover a variety of basic medical care items and services. Bear in mind that FSAs have a built-in "use it or use it" clause, which means that you'll have to forfeit any unused money that's left in your account at the end of the calendar year.

Health Savings Accounts (HSAs)

An HSA is an employer-sponsored, tax-advantaged savings account which is designed specifically to cover future medical expenses. In contrast to an FSA, the funds in an HSA will always be available for you to use, even if you have to leave your current employer or switch to a new healthcare plan.

Section 125 plans

Also commonly referred to as "cafeteria plans", these are designed to help employees transform taxable benefits into nontaxable benefits. A 125 plan can, for example, enable you to withdraw funds tax-free from your paycheck and put them towards qualifying expenses (including most healthcare costs). Just like FSAs, section 125 plans also come with a "use it or lose it" clause.

Commuter benefits

When you have pre-tax commuter benefits, that means that all or a portion of the cost of your daily commute is taken from each of your paychecks tax-free. In the long run (as is the case with all pre-tax benefits), that leaves you with more non-taxable income in your pocket.

Parking deductions

If your employer provides you with pre-tax parking deductions, that means that (you guessed it) the cost of parking while you're on the job is taken directly out of your paychecks before those funds are taxed by the federal government.

This is not a comprehensive list. The five items listed above are just a sample of some of the most common pre-tax benefits that are provided to individuals through an employer. To find out which pre-tax benefits are available to you as an employee, ask your manager or reach out to your company's HR department.

Before we move on to discuss the type of savings that pre-tax benefits can lead to, let's take a moment to break down the benefits of HSAs and FSAs a bit more. As we've already mentioned, these are two of the most common types of pre-tax benefits, but there tends to be a fair bit of confusion surrounding how they work.

What is an FSA?

A Flexible Savings Account, or FSA, is an employer-owned account that allows you to save money pre-tax to pay for future out-of-pocket medical expenses.

Here are some of the most important things to know about an FSA:

- Each year, you'll choose the amount that you want to put into your FSA. That amount is then spread across and deducted from each of your monthly paychecks and placed in your account as pre-tax contributions. This can lead to significant savings compared with having to use your checking account to pay for medical expenses.
- There are several **qualifying medical expenses** that can be covered with an FSA, including:
  - Asthma medicine
  - Baby formula
  - Birth control
  - Child care
  - Cold medicine
  - Dental procedures
  - Over-the-counter medicine
  - Psychoanalysis
  - Weight loss counseling
- The IRS places annual limits on the amount that an individual can contribute to an FSA. In 2020, that limit is $2,750 (these limits change from year-to-year in order to adjust to the cost of living).
- Self-employed workers aren't eligible for FSAs.
- Once an FSA goes into effect, the amount that an employee chooses to contribute for that year will be available for immediate use.

Pros	Cons
✓ FSA funds can be used to pay for deductibles, copays, medication, and other healthcare-related out-of-pocket costs.	✗ FSAs have a built-in "use-it-or-lose-it" clause: funds do not roll over at the end of each calendar year. So if you don't use the full amount that's in your account by the end of the calendar year, all of the remaining funds will be forfeited and given back to your employer (who is the actual owner of the account).
✓ FSAs can be paired with any health plan.	✗ Some FSAs may specifically allow rollovers, but the amount is limited and determined by each plan sponsor.
✓ Most FSA accounts come with a debit card.	
✓ All contributions to a FSA are pre-tax (up to the annual contribution limit)	

What is an HSA?

A Health Savings Account, or HSA, is an employee-owned, pre-tax savings account that's designed to help pay for future medical expenses. More specifically, HSAs are intended to help employees cover the costs associated with High Deductible Health Plans (HDHPs). In contrast to an FSA, the funds in an HSA will always be available to you, even if you leave your current employer or switch to a new healthcare plan.

Here are some of the most important things to understand about HSAs:

→ HSAs, being employee-owned rather than employer-owned, can provide you with a much greater degree of flexibility than an FSA. You'll have the option, for example, to invest the funds in your HSA in a variety of different assets, such as stocks, mutual funds, or ETFs (investment options will vary between HSA plans). Those invested funds will then grow in your account completely tax free (when used on qualified expenses).

→ **Qualified medical expenses** for HSAs include (but are not limited to):

- → Acupuncture
- → Birth control pills
- → Chiropractor services
- → Contact lenses
- → Eye exams
- → Hearing aids
- → Insurance premiums
- → Laboratory fees
- → Psychiatric care
- → X-rays

- In order to be eligible to open and contribute to a HSA, you must first be enrolled in a HDHP that is "HSA- compatible." In addition, you can't be enrolled in any other health plans other than your HDHP.
- Just like FSAs, HSAs also come with annual contribution limits that are mandated by the IRS. This year, that limit has been set at $3,550 for individual HSAs and $7,100 for family HSAs.

Pros

- ✓ Withdrawals from an HSA are not subject to federal (and in most cases, state) income taxes if they are used to cover qualified expenses.
- ✓ Contributions to an HSA can come from you, your employer, a family member, or anyone else who wants to contribute to your account.
- ✓ HSA account holders who are over the age of 55 are allowed to make an additional pre-tax "catch-up contribution" of up to $1,000 in 2020.
- ✓ Upon turning 65, HSA account holders can begin to use their HSA funds to pay for Medicare premiums.
- ✓ Unlike FSAs, funds in an HSA can be rolled over to the next calendar year.
- ✓ All contributions to an HSA are pre-tax (up to the annual contribution limit)

Cons

- ✗ If you withdraw funds from an HSA to pay for non-qualified expenses, you will be subject to taxes.
- ✗ If you withdraw funds for non-qualified expenses before you reach the age of 65, you'll be fined a 20% penalty on top of taxes that you'll have to pay.

How Much $$$$ Can You Save?

Another major advantage of pre-tax benefits is that employees can closely control how much money they'd like to contribute to them each year. That means that you have the power to strike a balance between the funds that you have available through pre-tax benefits like an HSA or an FSA and the federal taxes that you'll ultimately have to pay.

To clarify things, let's run through a quick example.

Let's say that you make $60,000 in a year, and that you choose to make a $1,200 annual contribution to both your Health Savings Account and your Dependent Care Flexible Spending Account. Because you're setting aside a total of $2,400 for pre-tax benefits, that leaves you with $57,600 of taxable annual income at the end of the year.

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* **FYI:** You can only contribute to both a HSA and FSA if it is 1. dependent care FSA or 2. limited purpose FSA.

In this case, the tax rate for your particular **federal income tax bracket** is 22%. Before you made your contributions to those pre-tax benefits, you would have had an "effective tax rate" of 10.44%, which means you would have owned a total of $6,262 in federal tax dollars.

After those contributions, however, your effective tax rate would drop to 9.95%, in which case you'd be required to pay $5,734. Your annual contributions to a HSA and FSA, in other words, would leave you with a total of $528 in savings. Not bad!

Check out this calculator to estimate how much you could be saving through pre-tax benefits!

LESSON FOUR

Building a Healthcare Budget

Hi! Welcome to thefourth and final lesson of Healthcare Savings Hacks, a free short course from Justworks.

So far, we've broken down individual strategies for reducing your healthcare expenses. Today, we're going to show you how to incorporate all of those tips and tricks into a single, unified healthcare budget.

Before we dive into how, let's start with why.

Goals of Any Healthcare Budget

As you could probably guess, healthcare budgets will vary dramatically from person to person depending on their insurance plan, monthly income, and medical needs. To be successful, it needs to take into account each of those variables as well as any employer-sponsored healthcare benefits.

In the end, the goal is to have a comprehensive framework for understanding:

- How much to set aside for unavoidable out-of-pocket costs (such as premiums, deductibles, and copays)
- How much to save for any new healthcare costs that are likely to arise in the near future
- How to maximally leverage any and all opportunities for saving
- How to work within the limits of your health insurance policy to make sure you don't spend unnecessarily

The Process

The process of building a personalized and optimized healthcare budget can be broken down into four basic steps:

Organizing   Looking ahead   Planning   Executing

Step 1. Organizing

Each of those four steps, as you could probably guess, will come with its own particular challenges and mapping-out process. Let's break things down by taking a more granular look at each of the four steps listed above, and how they eventually add up to a healthcare budgeting plan, starting with the first step: organizing.

The first thing that you'll need to do is take a big step back and organize all of the individual healthcare costs that you're currently paying and that you can reasonably expect to continue to pay in the near future. This will have to take into account things like:

- → Regular prescriptions for you or a family member.
- → Routine check-ups with your family physician.
- → Dental check-ups for you or your family.

Ask yourself: how many out-of-pocket costs were you required to pay for these routine expenses in the past year? Bear in mind that you don't need to be absolutely precise, here - ballpark figures usually work just fine.

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* **Tip:** If you aren't sure exactly how much you've had to pay your doctor or pharmacy in the last year, try calling them. In most cases, they'll be able to give you either a basic overview or a detailed analysis of how much money you've spent with them. Logging into your health insurance carrier's portal should also provide you with a good idea of how much you've spent in the last year.

Step 2: Looking ahead

It would be nice if healthcare spending was restricted only to those expected events - such as a trip to the dentist or to the local pharmacy - that we can predict with near-perfect accuracy. But life also consists of those "oh sh**" moments - like a broken bone or an illness - which we of course can't predict. For this reason, your healthcare budget will need to be able to cover those infrequent medical emergencies as well as routine healthcare costs.

Of course, it's impossible to know exactly how much we're going to need to spend on unpredictable medical emergencies. Still, it's extremely useful to remember that they can happen and that they sometimes require some out-of-pocket spending. With that in mind, it's almost always a good idea to set aside a small amount now in order to avoid being blindsided by unexpected medical costs in the future.

To get a better idea of how much it will cost you to receive a particular type of medical care, log in to your insurance provider's website and search for "cost estimator." Here are shortcuts to some of the big ones:

→ **Aetna Cost Estimator & Fee Schedule**

→ **Kaiser Permanente Cost Estimator**

→ **UnitedHealthcare Cost Estimator**

Step 3: Planning

At this point, it's time to start factoring in your employee benefits and other savings strategies. How do they impact your spending, and how can they be maximized moving forward? We've explored a lot of individual healthcare savings strategies over the last few days, so let's simplify things a bit by taking a closer look at one that's particularly common and useful: HSAs.

Quick refresher: HSAs are employer sponsored savings accounts that are specifically designed to help individuals and their families pay for future **qualifying medical expenses**. They come with annual contribution limits that have been set at $3,550 for individual HSAs and $7,100 for families in 2020. If you are enrolled in a **high-deductible health plan** (that's a plan with a deductible of at least $1,400 for an individual or $2,800 for a family), you are eligible to open an HSA (though you'll need to ask your employer whether or not you'll be able to contribute money to your account from each paycheck).

All of this is to say that HSAs can provide huge benefits - but only if you're willing to go through the motions of opening one. The same thing goes for FSAs. And something similar can be said about savings opportunities like preventive care and healthcare advocates: they can lead to big savings, but only if you take the time to understand how they work and how they'll be able to fit into your life.

The planning stage, in other words, is all about figuring out how your savings strategies will be incorporated into your unique schedule, budget, and healthcare plan.

Step 4: Executing

Once you've conducted an inventory of your current healthcare expenses, set aside some money for future medical emergencies, and taken full advantage of all of the savings opportunities that are available to you, you will have completed the basic outline of your budget. Go you!

Now you have to actually put your plan in action. And to achieve that, you'll need to get to know your healthcare plan inside and out.

Your healthcare plan, more than anything else, will determine how much you ultimately have to pay for a given medical procedure or service. They also come with their own mandatory costs, which can (depending on what type of plan you have) significantly impact your other spending habits. With all of that in mind, it's important to understand the benefits that are available to you through your plan and how much you'll need to pay each year for out-of-pocket costs, including your:

Premium	This is the monthly fee that you will pay to an insurance provider in exchange for coverage. This year, the **average monthly cost** of health insurance in the US is around $400.
Deductible	The deductible is the amount that you'll need to pay for medical care services until your insurance coverage officially kicks in. The amount that you'll have to pay for a deductible varies widely between plans. In 2020, the **average price of deductibles** varies between $6,741 (bronze plans) and $384 (platinum plans).
Coinsurance and Copayments	These refer to any out-of-pocket costs that you'll be required to pay for medical care services after you've reached your deductible.

Every plan will come with its own out-of-pocket costs, but no marketplace plan is allowed to charge you in excess of the annual out-of-pocket maximum. **This year,** that limit has been set at $8,150 for individuals and $16,300 for families.

To learn more about the specific out-of-pocket costs that are required through your plan, contact your insurance provider. You can also check out **this guide** to learn more about understanding your health insurance plan.

When you understand the ins and outs of your plan, you'll be far less likely to encounter unexpected medical costs, and far more likely to receive the best possible medical care at the lowest possible price.

That's a Wrap!

Wow, you did it. You've mastered the basics of healthcare savings hacks!

We hope you are feeling more confident in your ability to navigate the healthcare system and reduce your medical expenses. There's always more to learn, and it's important to update your budget as you move between employers, locations, and life stages. Use this short course as a reference whenever you want to double or triple check something (we've all been there).