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## *Monthly vs. Calendar Year Deductible* *"More for Most for Less"*

Health care costs continue to rise and employers continue to seek more cost effective methods of providing benefits to their employees. However one thing has not changed, 20% of the health plan members incur 80% of the plan costs. Unfortunately, this has resulted in all plan members receiving substantial reductions in benefits over the past few years. As employers increase plan deductibles in order to keep costs at an affordable level the majority of the plan members (80%) become less likely to receive benefit under the plan. In short, coverage becomes "catastrophic" only providing perceived benefit to the largest claimants.

As plan designs become increasingly catastrophic, quality employees become disgruntled because they seldom seem to receive benefit. Employees have grown accustomed to office visit co-payments and as a result most fail to realize that the health plan is paying the majority of the office visit cost. The same is true of prescription drug co-pay plans. Therefore, employees are receiving covered health care but failing to perceive the true benefit. When they have an emergency room visit, medical test or minor surgical procedure and incur all or most of the cost they become disgruntled.

There is a concept that solves this problem and provides improved benefits to the majority of the plan members without increased cost and in many cases lower annualized cost. The "**Monthly Deductible**" allows an employer to provide a real benefit to the majority of the plan members. The Monthly Deductible can be offered in one of two formats:

- The Individual Monthly Deductible (IMD)
- The Family Monthly Deductible (FMD)

Rather than offering a high calendar year deductible which most plan members will never meet, the employer offers an Individual or Family Monthly Deductible. The plan allows for an office visit co-payment (\$150 to \$200 maximum covered office visit charge per day) and Prescription Drug Card co-payment. However, when the plan member incurs other charges like hospitalization, emergency room or medical testing the Individual or Family Monthly Deductible would apply.

**Example:** Plan member has an office visit and the physician orders a CT scan.

Plan member incurs the following charges:

- Office Visit \$90 (\$20 office visit co-pay)
- CT Scan \$450
- Total Charges \$540

\$1,000 Calendar Year Deductible Plan

- o **Plan member pays \$470**

\$ 275 Individual Monthly Deductible

- o **Plan member pays \$285**

The average plan member receives more benefit under the IMD & FMD for the same annual cost of the high calendar year deductible plan. More benefit for most plan members for less if the current plan has a current calendar year deductible lower calendar year deductible!

**The following chart provides the equivalent Family Monthly Deductible (FMD) or Individual Monthly Deductible IMD compared to Calendar Year Deductible pricing:**

<b>A CYD of</b>	<b>equates to a</b>	<b>FMD of</b>	<b>or an</b>	<b>IMD of</b>
\$150		\$50		\$50
\$300		\$100		\$75
\$450		\$150		\$125
\$600		\$200		\$175
\$800		\$250		\$225
\$900		\$300		\$250
<b>\$1,000</b>		<b>\$350</b>		<b>\$275</b>
\$1,200		\$400		\$350
\$1,300		\$450		\$400
\$1,400		\$500		\$425

Plans may be defined as FMD only or IMD only. Plans may not offer an IMD to single employees and FMD to employees with dependants.

If you have any questions regarding the Monthly Deductible plan designs, please contact one of our National Sales Manager.

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Please submit proposal requests to Bardon at [proposal@bardon.net](mailto:proposal@bardon.net), via fax at 480.682.1450 or by mail to Bardon Insurance Group, 8326 E. Hartford Dr., Suite 100, Scottsdale, AZ 85255.