

NAVIGATING THE PREFERRED PROVIDER ORGANIZATION (PPO) PLANS

You have the opportunity to select one of two Medical Plans that Union College offers (PPO Plan U - Higher Premium/Lower Out-of-Pocket or PPO Plan C - Lower Premium/Higher Out-of-Pocket). Both the “U” or “Union” plan and the “C” or “College” plan are intended to provide comprehensive health insurance coverage at reasonable rates. To assist you in determining which plan is right for you, a PPO Plan Selection Tool is available on the HR website.

Following are some plain language definitions that will help you to better understand the terminology of the plans and how charges to participants will work.

PPO Terminology

Participant: You as the employee or other covered family members.

Plan: Union College as the self-insured employer. Although CDPHN administers our plan, it is actually Union and you that take the financial risk of claims fluctuations and that suffer from unnecessary use of medical services.

Copay: This is the fixed dollar amount that a participant is required to pay for the service rendered based on the schedule of benefits. Copays do NOT count toward the deductible but they do count towards the Out-of-Pocket Maximum.

Deductible: This is the first dollar payment that a participant is required to pay before the plan begins sharing the cost of a covered expense. Deductibles count towards the Out-of-Pocket Maximum.

Co-Insurance: This is the percentage of the cost of medical services shared by the participant and the plan as indicated on the schedule of benefits. The participant must first meet the deductible before the cost is shared by the plan. For example, if 10% is indicated, and the provider is in-network, then the plan (in our case Union College as a self-insured employer) pays 90% of the cost and the participant (you) are responsible for 10% of the cost.

Out-of-Pocket Maximum (OOP): This is the maximum annual dollar amount that a participant would be responsible for paying for medical services or prescriptions. All charges, including the deductible, coinsurance, and copays are applied toward the OOP. These charges are in addition to the normal premiums that are deducted from your paycheck.

In-Network: This is the network of doctors, hospitals, labs, etc. that have been approved by CDPHN for participant use. CDPHN has negotiated discounts on medical services for providers and facilities that participate in their network. Participants will have lower out-of-pocket costs by utilizing in-network providers.

Out-of-Network: This is all providers that are outside of the CDPHN network. If a participant uses an out-of-network provider, the provider may charge whatever they want and the provider may also balance bill the participant for amounts above CDPHN’s reimbursement allowance.

Medical Plan Utilization and Resulting Charges

The way the PPO plans are set up, with the exception of preventative care, participants are required to pay a portion of the resulting cost of the service provided. Depending on the type of service and plan enrolled in, this would be either through a copay, deductible, or coinsurance. The out-of-network components of either plan and the in-network component of the PPO Plan C (Lower Premium/Higher Out-of-Pocket) plan, where a coinsurance percentage is indicated, require that a deductible (1st dollar deductible) be met before the insurance plan (Union College) will share in the cost.

Following are a couple of examples of how participants incur costs under the plan and how costs are shared between the participant and the plan (Union).

PPO Plan U: (Higher premium, Lower Out-of-Pocket): On the in-network side of the plan, a participant who uses a primary care physician, visits a specialist, has an emergency room or urgent care visit, has an inpatient or outpatient procedure, or uses the prescription program will incur a fixed dollar copay for each visit. The participant is responsible for all copays until the out-of-pocket maximum is reached. Once the out-of-pocket maximum is reached, the participant will have no other copay charges regardless of the amount or type of service received. Please also note that, to further limit financial exposure, the PPO Plan U has a separate out-of-pocket maximum for inpatient care and outpatient surgery.

For the out-of-network side, the participant will be required to pay a portion of the cost under the co-insurance arrangement or the copay for an emergency room visit. The participant is first responsible for costs up to the stated deductible. After the stated deductible has been met, the participant and the plan (Union) share the cost according to the schedule of benefits (copays do NOT count towards the deductible). Participants are responsible for a portion of the cost of medical services, above the deductible, until total participant out-of-pocket costs (copays, the deductible, and coinsurance) reach the out-of-pocket maximum.

PPO Plan C: (Lower Premium, Higher Out-of-Pocket): On the in-network side of the plan, a participant who uses their primary care physician, visits a specialist, has an emergency room or urgent care visit, and/or uses the prescription program will incur a fixed dollar copay for each visit. For an inpatient or outpatient procedure, or for most medical services on the out-of-network side of the plan, the participant will be required to pay a portion of the cost under the co-insurance arrangement. The participant is first responsible for costs up to the stated deductible. After the stated deductible has been met, the participant and the plan (Union) share the cost according to the schedule of benefits (copays do NOT count towards the deductible). Participants are responsible for a portion of the cost of medical services, above the deductible, until total participant out-of-pocket costs (copays, the deductible, and coinsurance) reach the out-of-pocket maximum.

** Please note that for the PPO Plan U plan there is no in-network deductible and for the PPO Plan C plan there are different deductibles for in-network and out-of-network. Charges incurred and applied toward a deductible or the out-of-pocket maximum is specific to the in or out of network category in which they occurred.*

Hopefully this handout has provided you with a better understanding of how the plans will function. Please make sure to try the Plan Selection Modeling Tool to get a better sense of how this would apply to your particular situation. If you have any questions, please contact Human Resources at ext. 6108.