

ENROLLEE HEALTH CARE EXPENDITURES:

PREMIUMS, COST SHARING, & NONCOVERED EXPENSES

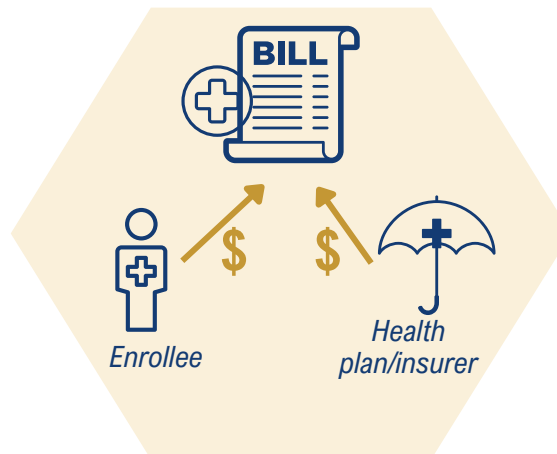
Current as of August 29, 2024

What are
enrollee
health care
expenditures?



Costs are shared between health plans and enrollees to help incentivize keeping costs low. **The portions that enrollees are responsible for are considered enrollee health care expenditures.**

Enrollees are responsible for three primary health care expenditures: **premiums, cost sharing, and noncovered expenses.**



1. Premiums



The monthly fee an enrollee must pay to a health plan or insurer for health insurance.

Premiums must be paid regardless of utilization of healthcare services, like other forms of insurance.

 Premiums \neq Cost Sharing

2. Cost Sharing

Cost sharing refers to the amount that enrollees must pay **directly** to the **provider** for a **covered** health care service or treatment.

Cost sharing encourages enrollees to **use health services judiciously**, which helps in maintaining **lower premiums** for all enrollees.

Common cost-sharing mechanisms



Deductible

A fixed dollar amount an enrollee must pay out-of-pocket before the health plan begins to pay for covered services.



Coinsurance

A percentage of covered costs for which an enrollee is responsible.



Copayment

A predetermined, flat dollar payment required at the time of service, e.g., \$5 for a prescription drug or \$20 for most office visits.

3. Noncovered Services



Cost sharing only applies for services **covered** by an enrollee's health plan or policy.



Enrollees are fully responsible for payment of any **noncovered** services utilized. Some examples include hearing aids or experimental procedures.

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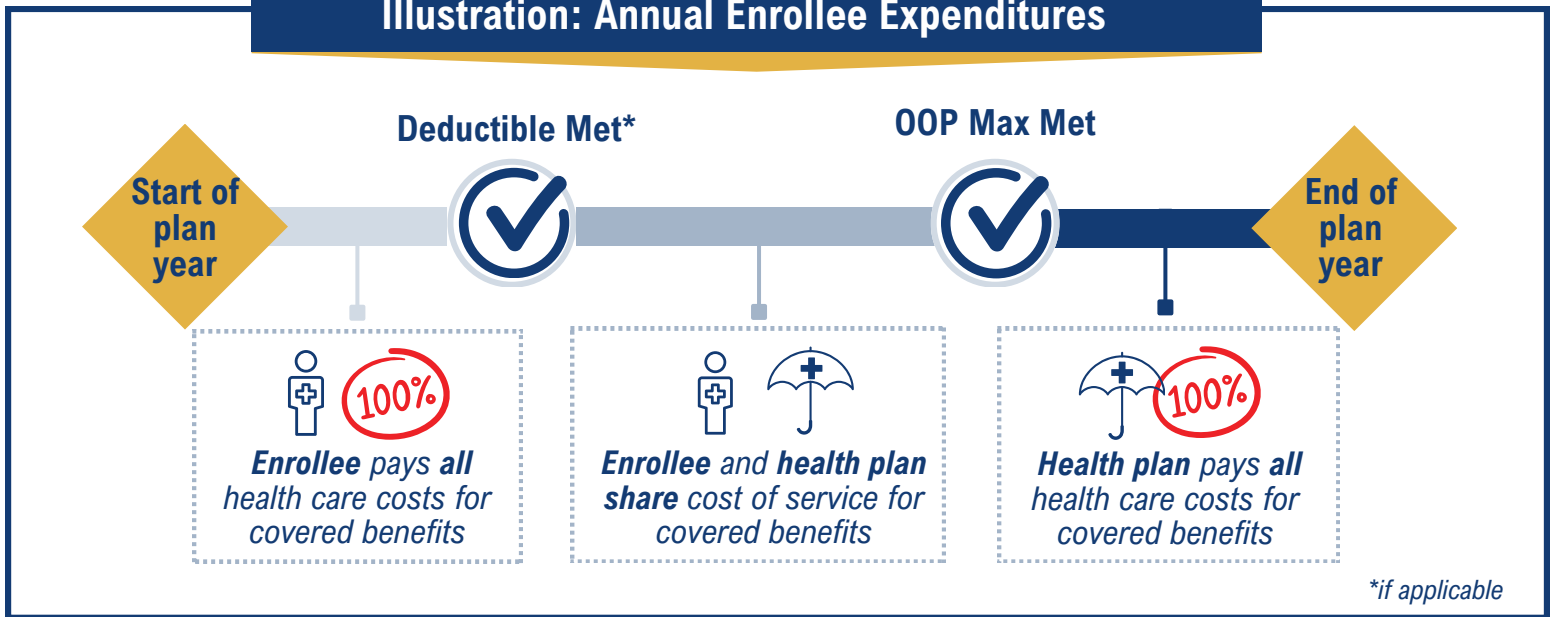
Term to Know: Out-of-Pocket (OOP) Maximums

A cap on the amount an enrollee, and/or their family, has to pay for covered health care in a year. If the limit is met, health plan will pay 100% of covered health care costs for the rest of the plan year.

Did you know?

Some health plans and policies have a separate deductible for the medical and pharmacy benefit; others combine them; and some do not have a deductible at all.

Illustration: Annual Enrollee Expenditures



IMPORTANT:

There are exceptions!!

Enrollee expenditures discussed in this fact sheet do not apply to all health plans/policies or services! Not every plan/policy or service follow the general enrollee expenditure flow illustrated above.

Examples

when enrollees are not responsible for common enrollee health care expenditures

Medi-Cal

- No cost sharing
- No premiums

Health insurance through CalPERS

- No deductibles

Preventive Services

- No cost sharing

Looking for more detail and insight on California's insured populations?

[What is Cost Sharing in Health Insurance?](#)

