MedPlus: A Smarter Way to Design Group Health Plans

Pairing a high-deductible plan with secondary coverage that fills the gap

Why groups consider MedPlus

MedPlus lets an employer move to a lower-cost high-deductible medical plan while keeping employee out-of-pocket costs close to what they have today. The premium saved on the medical plan funds MedPlus, and in most cases the group keeps the difference.

Low-deductible health plans cost more because every dollar of deductible the carrier covers is built back into the premium, usually with a margin on top. MedPlus offers a more efficient way to provide that protection. As secondary coverage, it pays a set share of the member's deductible and cost sharing after the primary plan processes the claim. As a result, employees keep the coverage they're used to, often at a lower total cost to the group and the employee.

How the two plans fit together

The employee is enrolled in two plans. The high-deductible medical plan is primary and handles every claim first. After the member meets a lower MedPlus deductible, MedPlus would pay all or part of the members' responsibility under the primary plan, depending on the MedPlus plan chosen.

All MedPlus plans are customized to the group's request and/or the underlying primary plan to ensure continuity of coverage. MedPlus plans can be built through the major medical deductible or through the major medical out-of-pocket maximum, either at matching coinsurance or at 100% coverage.

Group Savings

In both examples, the combined premium for the new primary plan with MedPlus is lower than the group's renewal premium, while members keep equal or better benefits.

Each example compares the group's renewal plan and rates with a higher-deductible primary plan paired with MedPlus. Example A received a 15% increase at its annual renewal, and Example B received a 12.5% increase.

Example A | 52 employees | 15% renewal increase

Renewal premium	Major medical + MedPlus
$637,835	**$581,705**

$56,130
Annual Savings (8.8%)

Example B | 9 employees | 12.5% renewal increase

Renewal premium	Major medical + MedPlus
$76,386	**$67,525**

$8,861
Annual Savings (11.6%)

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Example A: 52 enrolled employees (100% coverage option)

	Current plan Renewal	High-deductible plan Primary	MedPlus Secondary
Deductible (per person)	**$2,000**	**$7,500**	**$2,000**
Coinsurance after deductible	**80%**	**80%**	**100%**
Out-of-pocket maximum	**$7,000**	**$10,000**	**$4,500** net to member
Annual MedPlus benefit	n/a	n/a	**$5,500**
Office visits & Rx	OV: $50 / $50 Rx: $150 ded. $15/$35/$75/$100	OV: $50 / $50 Rx: $150 ded. $15/$35/$75/$100	OV and Rx covered under the primary plan

How a member's share adds up to the $10,000 primary out-of-pocket maximum

$2,000 Member pays MedPlus deductible	**$5,500** MedPlus pays 100% of the rest of the $7,500 primary deductible	**$2,500** Member pays 20% primary coinsurance until OPM is met

Member's net out-of-pocket maximum: ~~$7,000~~ **$4,500**

***The result**: Members keep the same $2,000 deductible they have today with a lower out-of-pocket maximum and lower premiums. Office visit and prescription copays stay with the primary plan.*

Example B: 9 enrolled employees (80% matching coinsurance option)

	Current plan Renewal	High-deductible plan Primary	MedPlus Secondary
Deductible (per person)	**$1,000**	**$5,000**	**$1,000**
Coinsurance after deductible	**80%**	**80%**	**80%**
Out-of-pocket maximum	**$3,500**	**$6,500**	**$3,300** net to member
Annual MedPlus benefit	n/a	n/a	**$3,200**
Office visits, Rx and network	OV $25 / $40 Rx: $0 ded. $10/$25/$75/$150	OV $25 / $40 Rx: $0 ded. $10/$25/$75/$150	OV and Rx covered under the primary plan

How a member's share adds up to the $6,500 primary out-of-pocket maximum

$1,000 Member pays MedPlus deductible	**$3,200** MedPlus pays 80% of the next $4,000 of the primary deductible	**$800** Member pays 20%	**$1,500** Member pays 20% primary coinsurance until OPM is met

Member's net out-of-pocket maximum: ~~$3,500~~ **$3,300**

***The result**: Members keep their $1,000 deductible and 80% coinsurance with a lower out-of-pocket maximum and lower premiums. Office visit and prescription copays stay with the primary plan.*

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Office visit and prescription copays: MedPlus can also build plans on high-deductible primary plans where office visits and prescriptions apply to the deductible. In these designs, MedPlus can include office visit and prescription copays from first dollar. Members pay a set copay at the doctor's office or pharmacy, just as they would on a traditional standalone health plan, and MedPlus pays the balance to the provider.

Claim example 1: an outpatient MRI

On a $2,400 claim, Sarah pays $1,280 instead of $2,400, exactly what she would have paid on her group's current $1,000-deductible plan. Here's how the claim moves.

Sarah, an employee in the Example B group, has knee pain. Her doctor orders an MRI and a follow-up visit. The allowed amount after network discounts is $2,400. It's her first claim of the year.

1. **The provider bills the primary plan.** Nothing changes for the provider or the member at the front desk.
2. **The primary plan adjudicates.** Sarah hasn't met her $5,000 deductible, so the full $2,400 applies to it. The primary plan pays $0 and sends an Explanation of Benefits (EOB).
3. **The claim goes to MedPlus.** The provider files the claim and the primary plan's EOB with MedPlus, either electronically through a clearinghouse or directly. Sarah doesn't have to file anything.
4. **MedPlus applies its own cost share.** Sarah owes her $1,000 MedPlus deductible. On the remaining $1,400, MedPlus pays 80% ($1,120) and Sarah pays 20% ($280).
5. **Payment.** MedPlus pays the provider directly and sends Sarah a final EOB, so she never waits on a reimbursement check.

	Without MedPlus	With MedPlus
Allowed amount	$2,400	$2,400
Primary plan pays	$0	$0
MedPlus pays	n/a	$1,120
Sarah pays	$2,400	$1,280

Sarah has now met her MedPlus deductible. For the rest of the year, while she is still within her primary deductible, MedPlus pays 80% of each covered claim and she pays 20%. Once MedPlus has paid its $3,200 annual benefit, her primary deductible is fully met, and her total out-of-pocket cost for the year won't exceed $3,300.

Claim example 2: a hospital stay

On a $28,000 surgery, Mike pays $4,500 with MedPlus. Under his group's renewal plan he would have paid $7,000.

Mike, an employee in the Example A group, has outpatient knee surgery with an overnight stay. Allowed charges are $28,000. The primary plan applies his $7,500 deductible, then pays 80% until his share reaches the $10,000 out-of-pocket maximum. After Mike pays his $2,000 MedPlus deductible, MedPlus pays the next $5,500 of his share at 100%.

	Renewal plan: $2,000 ded., 80%, $7,000 OPM	New primary plan alone	New primary plan + MedPlus
Allowed amount	$28,000	$28,000	$28,000
Primary plan pays	$21,000	$18,000	$18,000
MedPlus pays	n/a	n/a	$5,500
Mike pays	$7,000	$10,000	$4,500

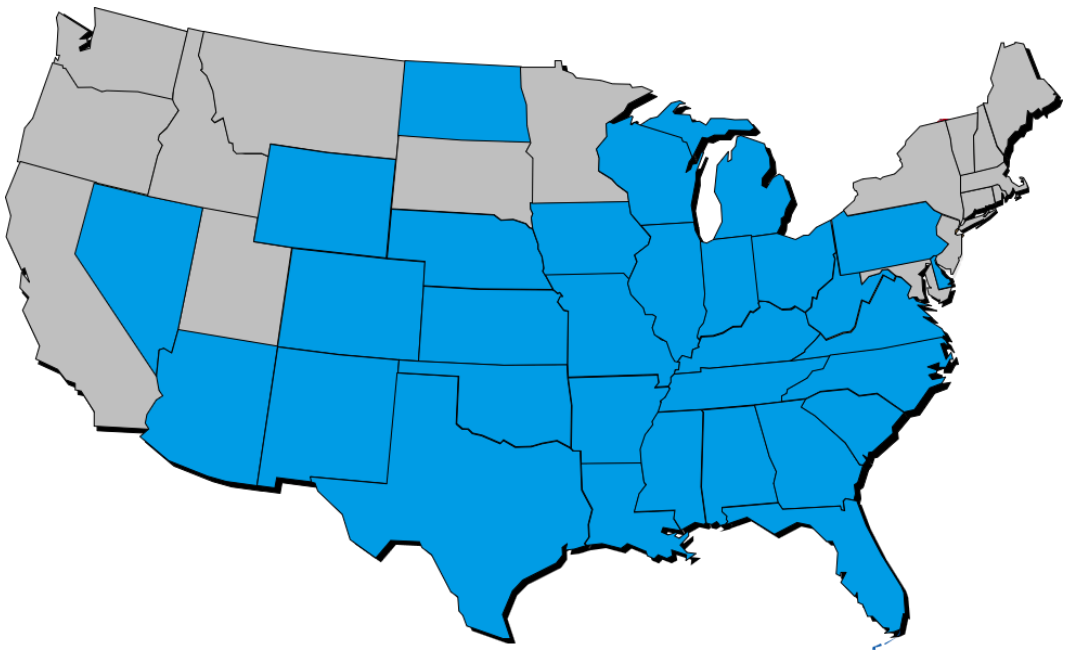
The renewal plan column reflects the Example A group's actual renewal design. Results for any group depend on its specific primary plan and MedPlus design.

Where MedPlus fits best

MedPlus is designed for employers who want to give their employees strong coverage while keeping premium costs in check. Pairing a high-deductible primary plan with MedPlus lets a group keep the benefits employees value, often for less than the cost of renewing a low-deductible plan.

- **Groups currently on lower-deductible plans:** Employees keep a familiar deductible and out-of-pocket experience, and the employer gets premium relief at renewal. Both example groups above fit this profile.
- **Groups looking to improve their coverage:** MedPlus gives employees low-deductible protection without the employer absorbing the cost of a low-deductible standalone health plan.
- **Check first:** MedPlus requires at least 5 enrolled employees. It is employer-sponsored, not voluntary, so everyone enrolled in the primary plan is enrolled in MedPlus.

Where is MedPlus offered



MedPlus is available in Alabama, Arizona, Arkansas, Colorado, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Michigan, Mississippi, Missouri, Nebraska, Nevada, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, Washington, D.C., West Virginia, Wisconsin, and Wyoming.

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