

NAME: _____

DATE: _____

ACTIVITY

Coverage Calculations

What + Why: Compare two insurance plans to see how premiums, deductibles, and coinsurance can change total costs and financial risk.

Carson is 28 years old and enjoys staying active. Between hiking, rock climbing, and weekend adventures, he spends a lot of time outdoors. Other than routine checkups, he has not needed much medical care in recent years.

It's a new year, and Carson was recently hired at a new job. He is in the process of choosing an insurance plan. At this point, he has not had any medical expenses applied toward a deductible.

Your job is to help Carson compare the plans and decide which one may be the better choice based on the information available.

Instructions:

1. Review Carson's insurance plan choices, taking notes as needed.
2. Complete Step 1 by calculating the yearly premium costs to help Carson choose a plan.
3. Read Carson's scenario in Step 2.
4. Calculate the out-of-pocket medical costs Carson pays and the total yearly cost for both plans.
5. Complete Step 3 by comparing the results and deciding which plan creates less financial risk for Carson.

Be ready to explain your thinking.



Insurance Plan Choices

Plan	Monthly Premium	Estimated Yearly Premium (monthly premium $\times$ 12)	Deductible	Coinsurance
Trail Plan	\$180/month		\$5,000	20% after deductible
Summit Plan	\$420/month		\$1,000	10% after deductible

Jot down any notes or first impressions on Carson's two insurance plan choices.

Step 1: Choose a Plan

1. Calculate the estimated yearly premium to help Carson choose a plan and write it in the Insurance Plan Choices table.
2. Review both insurance plans. Which plan would you advise Carson to choose?
 - ☐ Trail Plan
 - ☐ Summit Plan

Step 2: Carson's Scenario

Uh-oh! Carson tweaks his knee while rock climbing. What first seemed like a minor injury turns out to require surgery, physical therapy, and follow-up care.

Carson receives a bill in the mail for his medical care totaling \$8,000. This bill is the same regardless of which plan you helped Carson choose in Step 1. What changes is how much of that bill Carson must pay out of pocket.

- Calculate how much of the \$8,000 bill Carson must actually pay out of pocket for with each plan.

Insurance Plan Choices

Plan	Deductible Paid Out of Pocket by Carson	Coinsurance Paid Out of Pocket by Carson	Total Out-of-Pocket Medical Costs Paid by Carson
Trail Plan		(20% of Remaining Medical Costs After Deductible)	(Remaining Medical Costs After Deductible + Coinsurance)
Summit Plan		(10% of Remaining Medical Costs After Deductible)	(Remaining Medical Costs After Deductible + Coinsurance)

- Calculate the total yearly costs (estimated yearly premium cost + total medical costs paid by Carson).

- Trail Plan Total Yearly Cost = _____
- Summit Plan Total Yearly Cost = _____

Step 3: Compare the Results

5. Which plan had the lower total yearly cost, and why?

☐ Trail Plan

☐ Summit Plan

Why?

6. Which plan created less financial risk for Carson, and why?

☐ Trail Plan

☐ Summit Plan

Why?