

Fidelity Health®

5 steps to choosing the right health plan

Selecting a health plan is an important decision, and understanding how different plans work can make the process much smoother. While it may be tempting to rush through enrollment, it's important to take the time to evaluate your options and choose the coverage that's right for you and your family.

Whether you're enrolling during Annual Enrollment, changing plans because of a qualifying life event (such as the birth of a child or a divorce), or starting a new job — congratulations — understanding the key factors involved can help you make the right decision. We'll walk through the most important considerations when choosing a health plan so you can select coverage that best meets your needs.

We'll help you think through:

1. How much health care you used in the last year
2. Your upcoming health-related needs
3. The many features of a health plan
4. The plans available to you
5. The potential benefits of enrolling in a health savings account (HSA)-eligible health plan

Step 1: Consider how much health care you used in the last year

You may not be able to predict all your health expenses, but understanding historic trends in your health care needs is a good place to start. Think about the last year as your baseline, including your provider visits (such as those with a doctor, nurse practitioner, or mental health professional); prescriptions; and diagnostic testing (like X-rays and lab work).

Step 2: Consider your upcoming needs

We know you don't have a crystal ball, but now it's time to think about your expected health care use. Be sure to consider all aspects of your health — physical and mental — in addition to any possible health events for covered dependents. Ask yourself:

- Will I have a scheduled surgery this year (such as a hip or knee replacement)?
- Did I have any unexpected health events last year that I don't expect to have this year?
- Do I take regular medications and, if yes, have I reviewed the plan's medication list to determine if a brand or generic will be covered?
- What preventive services and chronic disease management (such as maintenance drugs) does the plan cover?
- If I had to pay the full deductible all at once — for example, if I had an unexpected, expensive health event — could I afford it?
- Do I expect any changes in my use of prescription drugs?
- Will my number of covered dependents change?
- If I may need mental health care, have I checked the list of mental health providers included in-network? (Often, fewer providers are available for mental health than for physical care.)

Step 3: Consider the many features of a health plan

By now, you should have a good sense of your health care needs. It's time to think about what you need from a health plan in order to best manage those needs. Choosing a health plan is both a health care decision and a financial one — so start by thinking about the things that are most important to you. Ask yourself:

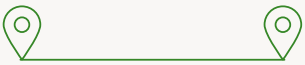
- How much will I pay monthly to have the plan (monthly premium)?
- How much will I have to pay in health care costs before my health plan starts paying (annual deductible)?
- What's the maximum amount I could pay during the year (annual out-of-pocket maximum)?
- What's the amount I have to pay upfront for office visits, prescriptions, or hospital stays (copays and coinsurance)?
- Which doctors and hospitals are included in the plan's network, and how far do I have to travel to see them?
- Have I reviewed the plan's medication list to determine if the medications that I take will be covered?
- What preventive services does the plan cover? What about any chronic disease management (such as maintenance drugs) that I need?
- Will having a plan that allows me to have a health savings account help me save on taxes?
- Is there anything else that's important to me?

Step 4: Compare the plans available to you

Now it's time to put it all together. Keeping in mind your estimated health care needs and the features that are most important to you in a health plan, take some time to compare the plans available to you.

The following table shows how you can compare 2 health plans. In Example Plan 1, most of the doctors in the community are included in the plan, but you may have to travel to see them and the monthly premium is more expensive. In Example Plan 2, the monthly premiums are lower, but the out-of-pocket limit is higher. Also, though the distance you would travel to a hospital is short, there are fewer doctors in the community who are in-network, and services at only 1 of the area's 5 hospitals are included in the plan's network, which limits your options. In general, in-network health services are less expensive than out-of-network services.

Comparison table of 2 health plans

Basic elements of a health plan	Example Plan 1	Example Plan 2
Hospitals in-network	 **2 out of 5 hospitals** in my area included	 **1 out of 5 hospitals** in my area included
Doctors in-network	 **90% of doctors** in my community included	 **70% of doctors** in my community included
Distance of doctors/ hospitals/clinics in-network	 **25–50** miles	 **Less than** 1 mile
Specialty care access	 **No referral** required	 **Referral required**
Prescription drug coverage	 **Includes most prescription drugs** on the market	 **Includes a limited number** of prescription drugs on the market
Cost of monthly premium	 Individual coverage: **$400** Family coverage: **$1,050**	 Individual coverage: **$100** Family coverage: **$450**
Annual limit on out-of-pocket costs	 Individual coverage: **$3.500** Family coverage: **$7,000**	 Individual coverage: **$5,000** Family coverage: **$10,000**

Step 5: Understand the potential benefits of enrolling in a health savings account (HSA)-eligible health plan

If you choose an HSA-eligible health plan, you may open an HSA, which can help you pay for qualified medical expenses today and long into the future. HSA-eligible health plans often have a higher deductible than those that aren't HSA-eligible, which can make some people uncomfortable with the potential medical costs they could face. However, it's important to weigh the reality of having a higher deductible with these key benefits of having an HSA:

1. Your employer may contribute to your HSA (which is like free money).

Without an HSA, you could be leaving money on the table. Your employer may put money in your HSA that you can use to pay for your qualified medical expenses. In fact, 73% of the benefits professionals that Fidelity surveyed said that their organization contributes to employees' HSAs.[1]

2. Your monthly premium will likely be lower.

Your monthly premium is likely to be lower for an HSA-eligible health plan than it would be for a traditional health plan, saving you money over the course of each year. Some people deposit what they're saving on monthly premiums into their HSA to go toward paying the higher deductible.

3. You can save on taxes.

Having an HSA allows you to save on taxes in 3 ways.[2] First, the contributions you make to your HSA are tax-deductible. Second, as long as you use your HSA to pay for qualified medical expenses, your money is not taxed when it's withdrawn. Finally, any HSA money that you don't use is yours to keep, even after the plan year ends or if you leave your current job. You can save and invest it for the future—including paying for health care costs in retirement—without having to pay taxes on any earnings.



DID YOU KNOW?

A variety of free decision-support tools are available, including **this one** from Fidelity. If you'd like to compare the costs you might end up paying, select **Compare health plans**.

1. Health Care Fidelity Health® Thought Leadership Health Benefits Leader Survey, fall 2025.
2. With respect to federal taxation only. Contributions, investment earnings, and distributions may or may not be subject to state taxation. The triple-tax advantages are only applicable if the money is used to pay for qualified medical expenses as described in IRS Publication 969. Please see a tax advisor with respect to your specific situation.

This information is intended to be educational and is not tailored to the needs of any specific individual.

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