



The Benefits Store
Save Money with Better Coverage



What Is an Out-of-Pocket Maximum?

Overview

An out-of-pocket maximum (also called an out-of-pocket limit) is the most you have to pay in a year for covered healthcare services. Once you reach this limit through deductibles, copayments, and coinsurance for in-network care, your health insurance will pay 100% of covered services for the rest of the plan year.

Why It Matters

Out-of-pocket maximums are designed to protect you from extremely high medical costs. They provide a financial safety net so you know there is a cap on what you will spend for covered care in a given year - especially important if you experience a serious illness or need ongoing treatment.

What Counts Toward Your Out-of-Pocket Maximum

- Deductibles
- Copayments
- Coinsurance

These are the costs you pay when receiving care, and they accumulate throughout the year until you reach your plan's limit.

What Does NOT Count

- Monthly premiums
- Out-of-network care
- Services not covered by your plan
- Charges above the allowed amount

These costs do not apply toward your out-of-pocket maximum, which means you could still have expenses even after reaching your limit.

Important Things to Understand

Even after reaching your out-of-pocket maximum, you must continue paying your monthly premiums to keep your coverage active.

Additionally, if you receive care that is not covered by your plan or go outside your network, those costs will not count toward your maximum - and you may still be responsible for those expenses.

This means that while the out-of-pocket maximum provides strong protection, it does not cover every possible healthcare cost.

How Out-of-Pocket Maximums Work in Real Life

For example, if your plan has a \$5,000 out-of-pocket maximum, once you have paid \$5,000 in deductibles, copays, and coinsurance for covered, in-network services, your insurance will pay 100% of additional covered costs for the rest of the year.

However, if you receive care that is not covered or go out-of-network, those expenses could still increase your total spending beyond that amount.

Choosing the Right Plan

Health plans typically balance premiums and out-of-pocket maximums:

- Lower out-of-pocket maximum = higher monthly premium
- Higher out-of-pocket maximum = lower monthly premium

If you expect to use a lot of healthcare services, a lower out-of-pocket maximum may provide more financial protection. If you are generally healthy and want lower monthly costs, a higher out-of-pocket maximum may make sense.

Cost-Sharing Reductions

Some individuals and families may qualify for cost-sharing reductions through Marketplace Silver plans.

These reductions can:

- Lower your deductible
- Reduce your copayments and coinsurance
- Decrease your out-of-pocket maximum

Eligibility is based on income, and enrolling in a qualifying plan is required.

Common Questions

Q: Can I still spend more than my out-of-pocket maximum?

A: Yes. Costs such as premiums, out-of-network care, and non-covered services do not count toward the limit.

Q: Does everything I pay count toward my maximum?

A: No. Only covered, in-network expenses like deductibles, copays, and coinsurance apply.

Q: Do I stop paying for healthcare after reaching the maximum?

A: For covered, in-network services, yes - your plan pays 100%. But you still must pay your premiums.

Q: How do I know what my out-of-pocket maximum is?

A: You can find it in your plan documents, Summary of Benefits, or by contacting your insurance provider.

Key Takeaway

An out-of-pocket maximum is your financial safety net for covered, in-network care - but understanding what counts (and what doesn't) is essential to avoiding unexpected costs.

<https://www.investopedia.com/terms/o/outofpocket-limit.asp>

