

## 2019 Introduction

# High Deductible Health Plan and Health Savings Account

Thanks for joining us!

CSAC EIA:  
County of San Luis Obispo

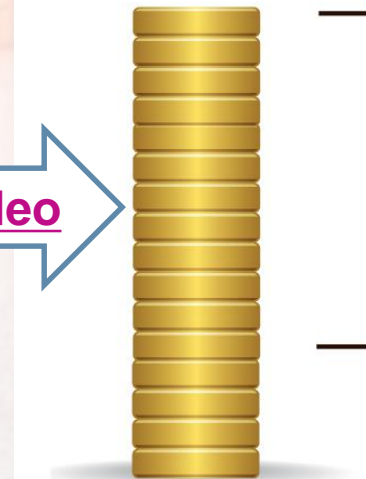
September 12, 2018



# What is the Difference Between a HDHP and PPO?

Put your premium savings into an HSA to pay for qualified medical expenses.

[Click Here To Play Video](#)



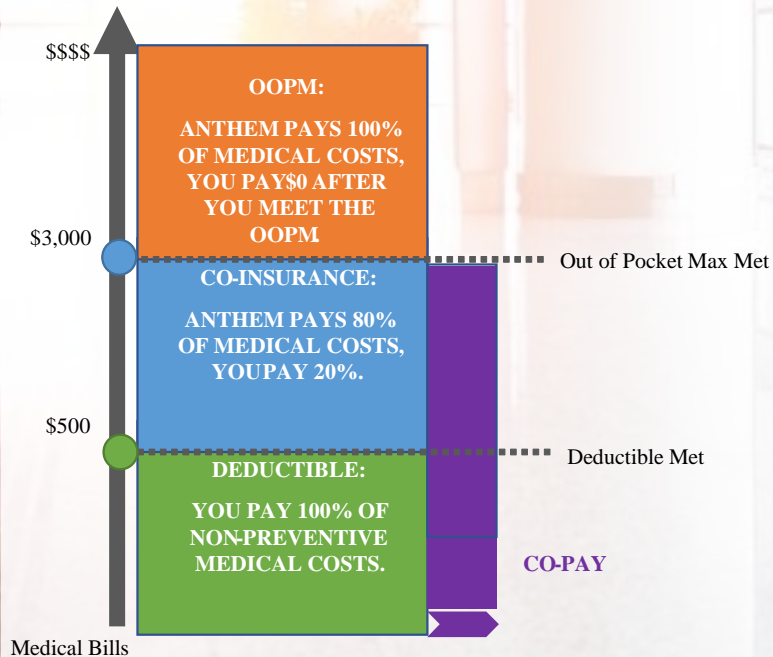
**Traditional Plan**  
Low or no deductible,  
higher monthly premiums



**HDHP**  
High deductible,  
lower monthly premiums

**Health Savings Account**

# Basic Terms



- **Co-Pay:** A fixed dollar amount you are required to pay for certain covered services at the time you receive care. Co-pays apply to your Out of Pocket Maximum, not your Deductible.
- **Deductible:** The fixed dollar amount you must pay every calendar year before your cost sharing of medical expenses. For example, if your deductible is \$500, your plan won't pay anything for most services until you've met your \$500 deductible. Preventive care is *not* included, meaning it is always 100% covered by Anthem, even when you have not reached your deductible or OOPM. However, you are responsible for all other medical costs up to the deductible
- **Co-Insurance:** Your share of the costs of a covered health care service — usually a percentage of an eligible expense, after you've met your annual deductible. You will pay a percentage of a covered service while your health insurance plan pays the remainder.
- **Out of Pocket Maximum (OOPM):** The most you have to pay for covered services in a plan year. After you spend this amount on deductibles, copayments, and coinsurance, your health plan pays 100% of the costs of covered benefits.

# Embedded vs. Aggregate

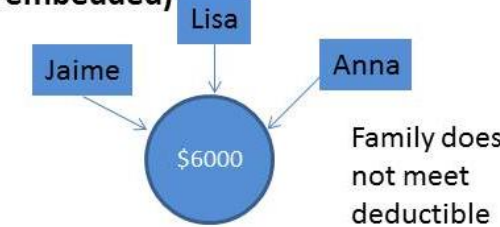
## Embedded vs. Aggregate (non-embedded)

Gomez Family: \$6,000 deductible  
Medical bills this year:

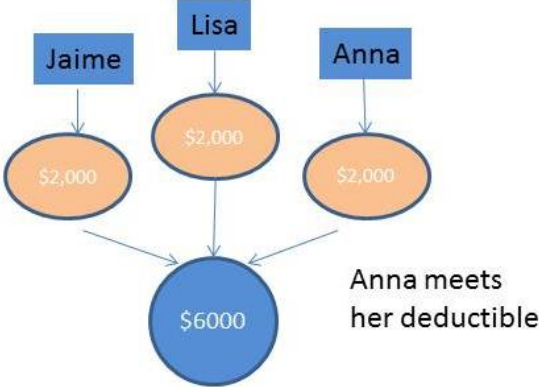
- Jaime \$500
- Lisa \$250
- Anna \$5,000



**Aggregate  
(non-embedded)**



**Embedded**



# How does the HDHP work?

**1** YOU PAY \$0  
PREVENTIVE CARE is covered at 100%

**2** YOU PAY 100%  
UNTIL YOU MEET PLAN  
DEDUCTIBLE

**3** THEN YOU PAY A PERCENTAGE  
COINSURANCE AFTER  
DEDUCTIBLE

**4** YOU PAY \$0  
AFTER MEETING OUT-OF-POCKET MAXIMUM

**HSA**

PAY OUT-OF-  
POCKET COSTS  
FROM TAX-FREE  
HEALTH SAVINGS  
ACCOUNT

# High Deductible Health Plan (HDHP)

## What is a Health Savings Account?

A Health Savings Accounts (HSA) is a bank account that works in conjunction with a High Deductible Health Plan (HDHP). A HSA is an employee owned bank account that can be used to help pay for qualified medical expenses such as office visits, hospital stay, prescription drugs, etc.

The account allows employee contributions. Individuals can make federal tax-deductible cash contributions that can then be used to reimburse the employee for qualifying medical expenses.

- Fully portable account
- NEW! Limited Flexible Spending Account permitted alongside HSA
- The Employee and Employer contribution is subject to CA state taxes

# The HSA plan

## Key features

- The money you put into your account isn't taxed so each dollar goes further. You can contribute up to \$3,500 for individuals and \$7,000 for families to your account.
- The money in the HSA is yours, you get to keep the money you contribute if you change plans or leave the company.
- These funds can grow over time and be invested. You and/or your -employer may contribute.
- Funds roll over, so they can be used during the current year or saved for future expenses.

## Things to consider

- The plan covers services from almost any doctor or hospital, but you pay less when using a doctor from the **preferred provider organization (PPO)** plan.
- If you don't put money in the HSA, you'll have to pay your deductible and percentage of the total cost out of pocket during the year.
- Pay at time of service for the full cost of prescription drugs and office visits.

# High Deductible Health Plan (HDHP)

## Who is eligible to open a Health Savings Account?

- If you are covered under the Anthem HDHP plan
- If you are a U.S. resident, not in active military, and not currently receiving veterans' benefits
- If you are not covered by any other non-HSA compatible health care plan, such as a health plan sponsored by your spouse's employer, Medicare or Tricare
- If you are not claimed as a dependent on another individual's tax return

## Where can I locate a list of Health Savings Account IRS eligible expenses?

- IRS Publication 502 can be found at [www.irs.gov](http://www.irs.gov)
- Some examples of eligible expenses are: lab fees, x-rays, prescription drugs, doctor office copays, hospital services, dental and vision services
- Non-qualified expenses would require you to pay income tax plus a 20% tax penalty



# Contributing to your HSA

## Contribution Schedule

- Your contributions are by pre-tax payroll deduction every pay period
- Contribute to HSA any time during the calendar year, up to April 15 of the following year (tax filing deadline)

## BCC SmartCare

- Avidia Bank
- You will need to set up an account on [www.benXcel.com](http://www.benXcel.com) to access your HSA account information

2019 Limits: \$3,500 Employee / \$7,000 Family / \$1,000 Catch Up

# It's your responsibility!

## Maintaining Records

- Keep records of medical expenses:
  - in case you want to request reimbursement later
  - the IRS requests them
- **“Self Substantiation”** Your HSA custodian is not required to determine whether HSA distributions are used for qualified medical expenses

## Non-Qualified Withdrawals

### Before age 65

- Income tax on non-qualified expense **PLUS** 20% penalty

### After age 65

- Ordinary income tax applies to non-healthcare withdrawals
- No penalty

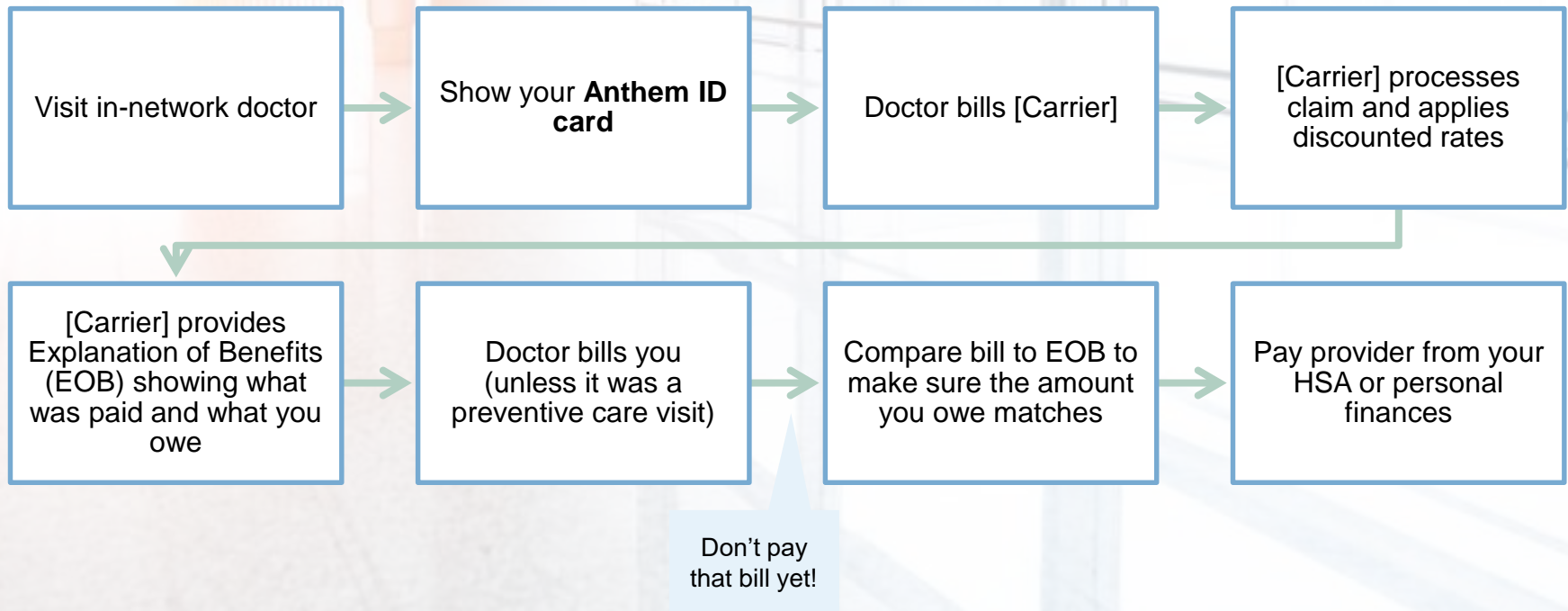
# Anthem HDHP medical plan features

|   | Anthem HDHP   |
|---|---|
| Calendar year deductible* <ul style="list-style-type: none"> <li>Individual</li> <li>Family</li> </ul>  | \$2,000 (employee only coverage)<br>\$6,000 (family coverage) |
| Your maximum expense** <ul style="list-style-type: none"> <li>Individual</li> <li>Family</li> </ul>   | \$6,350 (individual)<br>\$12,700 (family)                     |
| Preventive care   | Plan pays 100%  |
| Office visits <ul style="list-style-type: none"> <li>Primary care providers</li> <li>Specialist providers</li> </ul>  | Plan pays 80% after deductible                                |
| Hospitalization   | Plan pays 80% after deductible                                |
| Emergency Room  | Plan pays 80% after deductible                                |
| Prescription drugs <ul style="list-style-type: none"> <li>Tier 1 (Typically Generic)</li> <li>Tier 2 (Typically Preferred/Brand)</li> <li>Tier 3 (Typically Non-Preferred Specialty)</li> <li>Tier 4 (Typically Specialty)</li> </ul> | 20% coinsurance after deductible                              |

\* non-embedded deductible

\*\* embedded OOPM

# I went to the doctor. Now what?



# What about prescriptions?

You pay the full cost of prescription drugs until you meet your deductible.

Show your **Anthem ID card** at the pharmacy

Pharmacy can see your plan details and determine the amount due at the time of sale

You pay pharmacy from HSA or personal finances

If using mail order pharmacy, you can set up automatic payment from your HSA

# HSA plan

## Carol's HSA plan

\$3,450 annual contribution

Expenses

HSA  
balance

Preventive OB/GYN visit  
and lab tests

**Covered  
at 100%**

\$3,450

Prescription drugs

**\$150**

\$3,300

**HSA ROLLOVER TO NEXT YEAR**

**\$3,300**

# HSA plan

## The Wilson family's HSA plan \$2,200 annual contribution

| Expenses                         |                        | HSA balance    |
|----------------------------------|------------------------|----------------|
| Preventive visits and lab tests  | <b>Covered at 100%</b> | \$2,200        |
| Physical therapy                 | <b>\$800</b>           | \$1,400        |
| Prescription drugs               | <b>\$200</b>           | \$1,200        |
| <b>HSA ROLLOVER TO NEXT YEAR</b> |                        | <b>\$1,200</b> |



# Resources

- Employee Brochure
- County Website: [slocounty.ca.gov/2019OE](http://slocounty.ca.gov/2019OE)
- BenXcel.net (User ID/Password)
- Employees: Contact your Payroll Coordinators
- Email us at [hr@co.slo.ca.us](mailto:hr@co.slo.ca.us)



# Member Services



**Questions, concerns,  
comments? Call  
Member Services!**

- Talk to our representatives by phone or secure email.
- Learn how to make the most of your benefits.
- Access online tools to find a doctor, compare costs and more.
- Find out about your claims details or status.





Questions?