

# Health Savings Accounts & High Deductible Health Plans

# Definitions

## **Consumer Driven Health Plan (“CDHP”)**

A health insurance plan designed to give you more control over your health care spending. CDHPs incorporate a personal health savings account to pay your health care expenses, while high deductible health insurance protects you from catastrophic medical expenses.

## **Health Savings Account (“HSA”)**

A tax-advantaged personal savings account similar to an IRA but used specifically to pay qualified health care expenses. Unused funds carryover to following year.

## **Health Care Flexible Spending Account (“Health FSA”)**

A personal savings account funded by pre-tax employee contributions used to pay qualified health care expenses. Unused funds are lost at end of the plan year.

## **High Deductible Health Plan (“HDHP”)**

A health insurance plan with lower premiums and higher deductibles than a traditional health insurance plan.

# HSA vs. Health FSA

Account Feature	HSA	Health FSA
<b>Pre-tax employee contributions</b>	Yes, if you meet IRS eligibility requirements	Yes
<b>Carryover of unused funds</b>	Yes	No
<b>Cash-out of unused funds</b>	Yes, subject to 20% tax penalty + regular income tax	No
<b>Availability of funds</b>	Current account balance is available on any given day	Annual contribution election is available before it is funded
<b>Investment earnings</b>	Yes	No
<b>2013 contribution limits</b>	Single: \$3,250 Family: \$6,450 Age 55+: additional \$1,000	\$2,500
<b>Portability</b>	Account is yours; funds are accessible even after termination	Participation ends upon termination

# Making HSA Contributions

IRS says you are eligible to make HSA contributions *if you*:

**1. Are covered by a Qualified HDHP**

**2. Have no other health insurance coverage**

- *Permitted exceptions = dental, vision, long term care, disability, another qualified HDHP*
- Health FSA coverage during the grace period could make you ineligible until April 1
- *Spouse's Health FSA could make you ineligible!*
- Adult dependent's other coverage could make you ineligible

**3. Are not enrolled in Medicare**

- "Enrolled in Medicare" includes Part A, Part B and/or Part D

**AND**

**4. Cannot be claimed as a dependent on someone else's tax return**

***\*Consult a tax professional for questions about your eligibility to make HSA contributions\****

# Using Your HSA Funds

## Tax-free distributions for qualified health care expenses, including

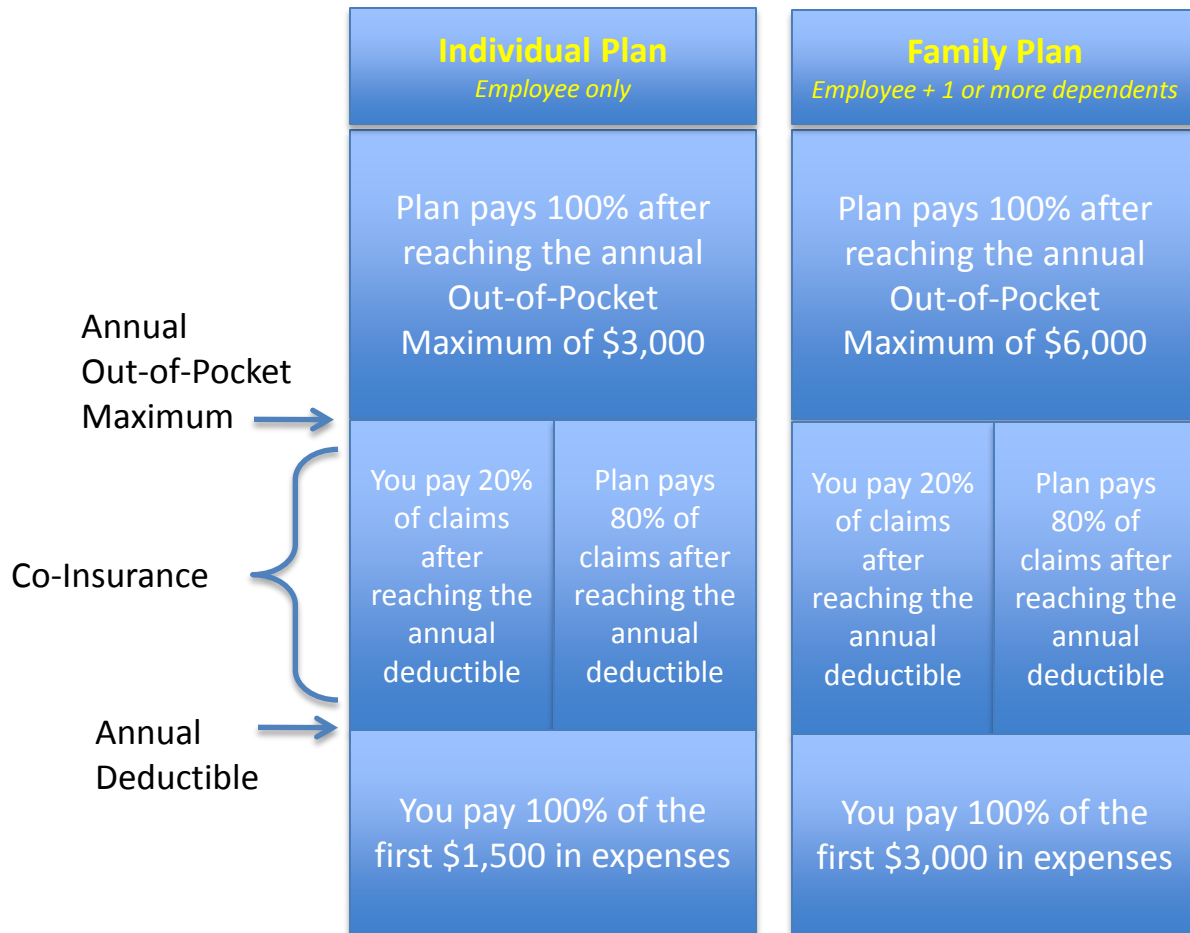
- HDHP deductibles
- HDHP co-insurance
- Prescription drugs, including ***prescribed*** OTC medications
- Certain insurance premiums – COBRA, Medicare, long term care
- *See IRS Publications 502 & 969 for more details*

## Expenses incurred before you establish your HSA ***do not qualify***

- State law determines when the HSA is established

## HSA distributions for non-qualified expenses ***are taxable***

# How the HDHP Works – In Network



## Preventive Care

- Plan pays 100%, not subject to deductible

## Prescription Drugs

- Expenses included in annual deductible
- You pay \$15/\$30/\$60 co-payments after reaching deductible

## HSA

- Funds can be used to pay deductibles, co-insurance and drug co-payments

## Provider & Facility Networks

- Same as Anthem Blue Access PPO

# How the HDHP Works – Out of Network

## Annual Deductibles

- Individual Plan = \$3,000
- Family Plan = \$6,000

## Co-Insurance

- Plan pays 60%
- You pay 40%

## Annual Out of Pocket Maximums

- Individual Plan = \$6,000
- Family coverage = \$12,000