



Town of Mansfield
High Deductible Health Plan Overview
October 2019



L O C K T O N C O M P A N I E S

What is the Difference Between a **High Deductible Health Plan** (HDHP) and a **Health Savings Account** (HSA) ?

High Deductible Health Plan (HDHP)	Health Savings Account (HSA)
<p><u>A medical plan</u> with an up-front deductible that is applicable to all medical and pharmacy benefits.*</p>	<p><u>A convenient way to pay</u> for medical plan expenses (like plan deductibles) using pre-tax dollars from a tax-favored individual bank account that <u>you</u> own.</p>
<p>* With the exception of preventive benefits, which are always covered at 100% in-network.</p>	

First, let's talk about the HDHP...

High Deductible Health Plan Summary

Benefit Provision	Member 's Responsibility
Annual Deductible	\$2,000/\$4,000 (Combined In and Out-of-Network)
Annual Out-of-Pocket Maximum	\$4,000/\$8,000 (Combined In and Out-of-Network)
In-Network Benefits:	
Preventive Care Visit	No charge
Primary Care Office Visit Copay	0% after deductible
Specialist Office Visit Copay	0% after deductible
Urgent Care Copay	0% after deductible
Emergency Room Copay	0% after deductible
Inpatient Admission Copay	0% after deductible
Out-of-Network Benefits	20% after deductible
Prescription Drugs: Retail (30 days)	\$10/\$20/\$30 after deductible
Prescription Drugs: Mail Order (90 days)	\$20/\$40/\$60 after deductible

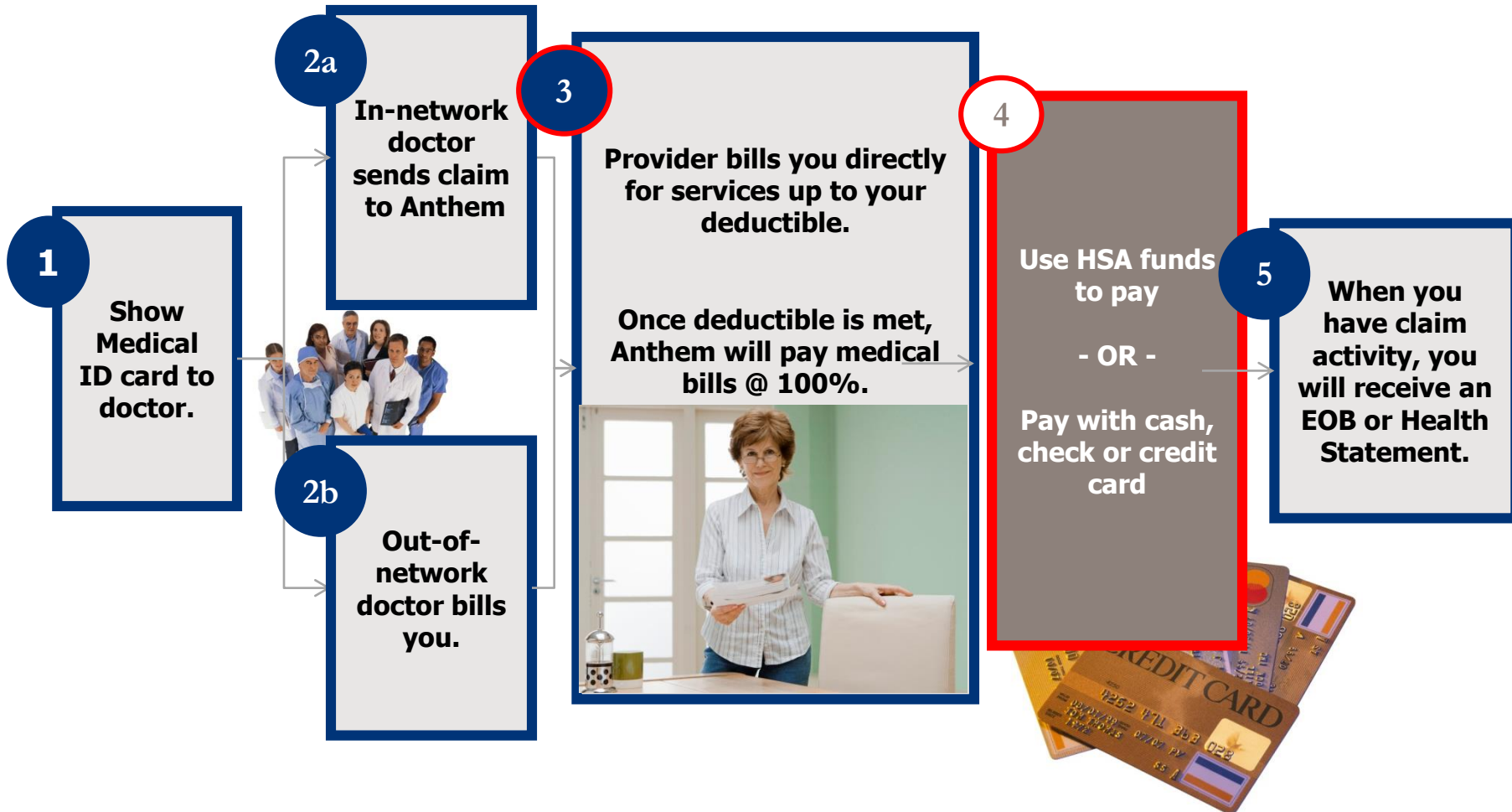
***Plan design may vary based on negotiated contract**

How Does a High Deductible Health Plan Work??

- ❖ You pay first-dollar “up front” costs for all medical services and prescriptions until you meet your annual deductible.
 - ❖ NOTE: you are still paying Anthem’s negotiated rate.
- ❖ Under a high deductible health plan, for purposes of the deductible, family is defined as employee plus one or more dependents.
- ❖ Once the deductible is met, medical expenses are covered at 100% In-Network and pharmacy expenses are paid at the applicable copay until the Out of Pocket Maximum is reached.
- ❖ If you visit an Out-of-Network provider or pharmacy after the deductible has been met, you will pay 20% of the cost until you reach the annual Out of Pocket Maximum.
- ❖ Preventive care is always covered at 100% in-network.
- ❖ Emergency rooms are always covered as an in-network service as long as it is a true emergency.



What Happens When I Go to my Doctor or Facility?



What Happens When I Go to the Pharmacy?

1

Show Medical ID card to Pharmacy.

2

Pharmacy verifies eligibility.



3

You pay at time of service. Once deductible is met, you pay the applicable copay until the Out of Pocket Maximum is met.

4

You will receive an EOB or Health Statement.

How to be a smart consumer with an HDHP

- ❖ When covered under an HDHP, the upfront deductible places more financial responsibility on you as the consumer.
 - Anthem's Secure Member Website
 - Register at www.anthem.com
 - Review your benefits and view your claim history
 - Compare cost and quality of care
 - Special Offers & Health Programs
 - Condition Care
 - Future Moms
 - 24/7 NurseLine
 - Develop a health record
 - LiveHealth Online
- ❖ Talk with your doctor
 - Alternative treatment options that may be less costly (i.e. would an x-ray be just as effective as an MRI)
 - Discussion of generic versus brand prescriptions

What is a Health Savings Account?

- ❖ A Health Savings Account (or HSA) is a personal savings account that is funded with pre-tax contributions that you can use to pay for qualified healthcare expenses as defined by the IRS.
 - Provides the option to save for future health expenses
 - You own the account – not your employer
 - Your HSA is PORTABLE and follows you if you retire or change employers
 - You, your employer or both can contribute

- ❖ HSA Account Rollover
 - Both the contributions and earnings in an HSA carry over from year to year
 - No “use it or lose it” feature

- ❖ HSA Tax Savings Features:
 - Pre-tax contributions along with tax-free growth of earnings
 - Payment for services made with pre-tax dollars
 - **Note: Withdrawals for non-qualified expenses taxed as ordinary income and subject to 20% excise penalty (penalty waived starting at age 65) i.e. purchasing a couch or withdrawing funds to pay for vacation**

Am I eligible to participate in an HSA?

- ❖ Because HSA plans have special tax advantages, the IRS defines specific rules for participation. To be eligible, you:
 - Must be enrolled in an IRS-qualified high deductible medical plan (your Anthem HDHP plan meets this requirement)
 - Cannot have any other health coverage
 - ❖ Not covered by spouse's plan
 - ❖ Not covered by Medicare Part A or Part B (if you are receiving social security, you are automatically enrolled in Part A)
 - ❖ Not covered by Tricare or any other VA medical benefits offered to veterans
 - ❖ Cannot utilize the Canada Rx pharmacy benefit program
 - ❖ Not covered through a general purpose Flexible Spending Account (FSA). Either employer's or spouse's. A limited purpose (only dental and vision) is still allowed.
 - ❖ Cannot be claimed as a dependent on another person's tax return

What is the maximum I can contribute annually to the HSA?

The IRS has set the following limits for 2020:

- ❖ Under age 55 and not enrolled in Medicare
 - Up to \$3,550 for individual coverage
 - Up to \$7,100 for family coverage
- ❖ Age 55 or older:
 - Allowed a \$1,000 “catch-up” contribution
 - Up to \$4,550 for individual coverage
 - Up to \$8,100 for family coverage

These limitations include any and all sources of contribution. Contributions made by your employer in 2020 will count toward these limitations.

How does the HSA work?

- ❖ Employees can make pre-tax contributions to their HSA via payroll deductions
- ❖ Employee decides how and when to use the money
- ❖ The HSA bank administrator is Peoples Bank
- ❖ You may reimburse yourself for any qualified expenses incurred **after** the date you open your account. **It is extremely important that you complete the activation of your HSA account. No contributions can be made until the account is open.**
- ❖ There are two ways to access money in the HSA to pay for qualified expense
 - Checkbook
 - Debit Card
- ❖ The employer contribution will be made to the HSA account during the first payroll in January (varies by bargaining unit, please check your agreement).

Filing Taxes with a Health Savings Account

Tax Forms for HSA

- ❖ IRS Form 8889, downloaded from www.irs.gov, should be attached to your Form 1040. Employers report all contributions to the Health Savings Account in Box 12 of Form W-2 with Code W. Employee contributions made via payroll are also included in Box 12, Code W.
- ❖ To complete Form 8889, employees use their W-2, and their annual HSA contribution totals from their last paystub of the year.

Peoples Bank will send additional records to you and the IRS:

- If you used any HSA funds during the year, IRS Form 1099-SA will be mailed to your home address by Peoples Bank by January 31st (Details annual **distributions**)
- IRS Form 5498-SA, mailed by Peoples Bank by May 31st (Details annual **contributions**).

*Note: Form **5498-SA** encompasses all contributions made for the prior calendar year until the tax filing deadline. It is always sent to employees after the filing deadline has already passed .*

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