High Deductible Health Plan (HDHP)
What is a High-Deductible Health Plan (HDHP)

• A medical and prescription plan with an up-front deductible applicable to all eligible medical and pharmacy expenses with the exception of preventive care.

• This plan can be combined with a Health Savings Account (HSA) if you meet the eligibility requirements.
HDHP Non Deductible and Out of Pocket Maximum

- There is a $1,500 individual / $3,000 family deductible and $3,000 individual and $6,000 family out of pocket maximum
- There is no individual limit built into the family deductible or out of pocket maximum.

Example:
- Employee incurs $1,500 in deductible expenses on Feb 1st
- Spouse incurs $1,000 in deductible expenses on Sept 1st
- Child incurs $500 in deductible expenses on Sept 10th

Coinsurance/copay coverage begins on Sept 10th because the full $3,000 family deductible is met

Once the family reaches the $6,000 out of pocket maximum, services for all family members are covered at 100% for the remainder of the calendar year
Health Savings Account (HSA)
Health Savings Account

- An HSA is an individually owned back account that allows you to set aside pre-tax dollars to pay for qualified out of pocket expenses.
- The employer and employee can make tax-free deposits into an HSA.
- Any unused funds roll over year to year.
- You decide how and when to use the money available in the account.

- HSAs can be used to cover:
  - Insurance deductibles, copays and coinsurance
  - Qualified health care expenses (including dental & vision)

- 2020 HSA contribution limit is a flat dollar amount
  - $3,550 for individual *
  - $7,100 for family *

- Wesleyan matches employee contributions up to $500 annually. This is accounted in the contribution limit noted above.

- Those age 55 or over can contribute an additional $1,000 annually.
Why choose a HSA?

Easy win in today’s complex health care system:

• Save now:
  • HDHP have lower monthly insurance premiums
  • HSA deposits are made on a pre-tax basis
  • Typically lowers income tax liability

• Save for the future:
  • HSA funds rollover from year to year, no “use it or lose it” feature
  • No overall fund maximum
  • You keep the money even if you change jobs or insurance plans
  • Tax-free interest earned
  • Comprehensive and easy investment options

• Same doctors, same network
## Who is eligible for a HSA?

<table>
<thead>
<tr>
<th>Eligible</th>
<th>Ineligible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enrolled in High-Deductible Health Plan</td>
<td>✔️</td>
</tr>
<tr>
<td>Enrolled in non-HDHP plan, such as OAPIN/OAP</td>
<td>✔️</td>
</tr>
<tr>
<td>Enrolled in Medicare or TRICARE</td>
<td>✔️</td>
</tr>
<tr>
<td>Received VA or Indian Health Services benefits in last 3 months</td>
<td>✔️</td>
</tr>
<tr>
<td>Enrolled in a full Flexible Spending Account (FSA), or covered under spouse/partner’s FSA</td>
<td>✔️</td>
</tr>
<tr>
<td>Individual or spouse/partner participating in HRA</td>
<td>✔️</td>
</tr>
<tr>
<td>Claimed as dependent on another’s tax return</td>
<td>✔️</td>
</tr>
</tbody>
</table>
## HSA – How it Works

### At the Doctor’s Office

<table>
<thead>
<tr>
<th></th>
<th>Action</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Receive Services</td>
<td>Continue to use network providers for the best value</td>
</tr>
<tr>
<td>2</td>
<td>Provider bills Health Plan</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Health Plan sends Explanation of Benefits (EOB)</td>
<td>HSA administrator also receives this information from the Health Plan</td>
</tr>
<tr>
<td>4</td>
<td>Provider sends statement</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Employee pays provider</td>
<td>Can pay with HSA debit card, pay direct via online payment at <a href="http://www.mycigna.com">www.mycigna.com</a> (click Visit your HSA bank), or pay from personal account and request reimbursement from HSA Bank</td>
</tr>
</tbody>
</table>
# HSA – How it Works

## At the Pharmacy

<table>
<thead>
<tr>
<th></th>
<th>Obtain Prescription</th>
<th>Pharmacy verifies insurance coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Pay for your prescription</td>
<td>Can pay with HSA debit card, or pay from personal account and request reimbursement from HSA Bank</td>
</tr>
</tbody>
</table>
How to contribute to your HSA

• Make pre-tax contributions through payroll deductions
  • Change your payroll contributions at any time
  • Employer match will only be available to match pre-tax payroll deductions

• Make post-tax contributions directly to HSA Bank online or by sending a check. You can then deduct when filing your taxes.

• Can make contributions until April 15th for the previous tax year
Earning Interest & Investing in HSA Account

- Wesleyan-sponsored HSA account with HSA Bank is FDIC insured and pays a tiered interest rate.

- The rates are subject to change by HSA Bank at any time.

- Once the cash balance in your account grows to over $1,000, excess can be transferred to an investment account (mutual funds)
  - The Investment account is no longer FDIC insured
More on Investing in HSA Account

- If your HSA cash balance falls below the $1,000 investment threshold, no additional investments can be made until your cash balance exceeds the investment threshold.

- Reimbursements for healthcare expenses cannot be paid from the investment side of your account.

- To use investment funds to pay for claims, you must sell investments. Proceeds from the sale are automatically deposited to your HSA cash balance within 3-5 business days.
Contact the Benefits Team if you have any questions at

benefits@wesleya.an.edu