



# Spring Hill School District Qualified High Deductible Health Plan (QHDHP) with HSA

Effective January 1, 2010





# Two Components to a Qualified High Deductible Health Plan (QHDHP) / Health Savings Account (HSA) Plan

## 1. High Deductible PPO Plan

- Insured by BCBS of KC
- Utilizes the BCBS of KC Preferred-Care Blue network of providers

## 2. Health Savings Account (HSA)

- Funding vehicle for the tax-favored contributions and disbursements
- To be administered by Great Southern Bank



## QHDHP (Qualified High Deductible Health Plan)

<b>Embedded Calendar Year Deductible</b>	<b>\$2,500 Individual \$5,000 Family</b>
<b>Common Services subject to \$2,500 / \$5,000 Calendar Year Deductible:</b> <ul style="list-style-type: none"><li>▪ Office Visit Charges</li><li>▪ Urgent Care</li><li>▪ Emergency Care</li><li>▪ Inpatient/Outpatient Services</li><li>▪ Diagnostic Testing</li><li>▪ Radiology</li><li>▪ Prescription Drugs</li></ul>	

**Routine Preventive Services received by a network provider – covered at 100%**



## QHDHP (Qualified High Deductible Health Plan)

<b>Embedded Calendar Year Deductible</b>	<b>\$2,500 Individual</b> <b>\$5,000 Family</b>
<b>Coinsurance</b>	<p style="text-align: center;"><b>Network: BCBS KC pays 100% / member pays 0%</b></p> <p style="text-align: center;"><b>Non-network: BCBS KC pays 80% / member pays 20%</b></p>
<b>Coinsurance: Portion of covered charges paid by BCBS of KC after you satisfy your deductible.</b>	
<b>Calendar Year Out-of-Pocket Maximum</b>	<p><b>Network:</b></p> <p>\$2,500 Individual/\$5,000 Family</p> <p><b>Non-network:</b></p> <p>\$5,000 Individual/\$10,000 Family</p>
<b>Out-of-Pocket Maximum: Total of deductible and coinsurance members pay each calendar year toward covered services before BCBS of KC pays 100%</b>	



## Retail / Mail Order Prescription Drugs QHDHP

<u>Retail</u> <i>(up to a 34-day supply)</i>	<u>Mail-Order</u> <i>(up to a 102-day supply)</i>
<b>Network:</b> \$2,500/\$5,000 Deductible, then 100%	\$2,500/\$5,000 Deductible, then 100%
<b>Non-Network:</b> \$2,500/\$5,000 Deductible, then 50% after: Tier 1 - \$10 Tier 2 - \$30 Tier 3 - \$50	

### Important Points:

- Member is responsible for the Entire Rx Cost (less BCBS of KC discount) until the Annual Deductible is met.
- Prescription Drugs are credited to your Deductible/OOP Maximum at the time services are rendered at the pharmacy.



## Points to Remember...

- Obtain care from your provider as you normally would. **Always present your BCBS of KC ID card (including pharmacies).**
- Network provider will file a claim on your behalf.
- You will receive an Explanation of Benefits (EOB) showing the patient responsibility after contracted discounts. Make payment to your provider at this time.
- All covered services received from a **network provider** are subject to your Calendar Year Deductible then covered at 100%.
- Prescription Drugs purchased from a **network pharmacy** are subject to your Calendar Year Deductible then covered at 100%.
- Routine Preventive Care received from a **network provider** is covered at a 100% **(not subject to Calendar Year Deductible).**



## What is a Health Savings Account (HSA)?

An **HSA** is:

- A tax-exempt account
- An individually owned, tax-advantaged account that may be used to pay for qualified medical expenses or saved for retirement and certain long-term care expenses.
- Established for the purpose of paying qualified medical expenses of the account owner
- The account owner must be covered under a Qualified High Deductible Health Care Plan to contribute to an HSA.
- Portable, it stays with you for life. Even if you change jobs, become unemployed, or retire.



## HSAs offer you a Triple-Tax Advantage

- **Contributions** are tax-deductible (or “pre-tax”)
- **Earnings** on your balance and investments are not taxed
- **Funds withdrawn for qualified medical expenses** are not taxed





## In Order to Contribute to an HSA

- You **MUST** be enrolled in a qualified QHDHP.
- You **CANNOT** be claimed as a dependent on someone else's tax return (You are **NOT** a dependent if you are “married filing jointly” or “married filing single”).
- You **CANNOT** have any other medical insurance coverage.



## You CANNOT Contribute to an HSA IF...

- You are covered by another health insurance plan that is NOT a QHDHP, such as coverage under a spouse's traditional PPO or HMO plan.
- You or your spouse have a Flexible Spending Account (FSA), even if the FSA dollars are not used for you.
- You or your spouse are covered by a Health Reimbursement Arrangement.



## You **CANNOT** Contribute to an HSA IF continued...

- You have coverage under TRICARE, or eligible for Medicare, or Medicaid.
- If you are in receipt of Veteran Administration (VA) benefits within the previous 3 months you are not eligible to contribute for 3 months following.
- You **CAN** still have other disability, dental, vision, and long-term care insurance policies & Dependent Day Care Account through an FSA.



## If Eligible to Contribute to an HSA, Is There A Limit To How Much I Can Contribute?

- The annual maximum contribution (**employer + employee contributions**) is established by law and subject to change each calendar year.
- **2010 Limit** - \$3,050 per individual and \$6,150 per family.
- If you are between the ages of **55 & 65**, you may also be able to make a **\$1,000 “catch-up” contributions** to the HSA each year.



## HSA Contributions

- Your own HSA contributions are either **pre-tax (via payroll deduction)**, **OR tax deductible** if contributed directly to the account.
- You have until **April 15th of the following calendar year** to make HSA contributions for the prior year, including eligible catch-up contributions.
- **You must maintain enrollment in a QHDHP for 12 months**, otherwise the tax benefit is lost and a 10% penalty imposed.



## HSA Disbursements

- You **must retain all receipts in the event of an IRS Audit**
- Disbursements for qualified medical expenses are **NOT subject to taxation**
- Disbursements for non-qualified expenses are subject to regular taxation plus a 10% penalty. The 10% penalty is waived upon attainment of **age 65**
- Expenses incurred prior to establishing an HSA are **NOT** eligible for reimbursement.



## Eligible Expenses

- Hospitalization
- Prescription Drugs
- Doctor Office Visits
- Premiums for Medicare, Long Term Care, COBRA
- Dental expenses (Including Orthodontia)
- Vision (Including Lasik)
- Over the counter items for treatment of a specific condition
- Full list of eligible expenses available on the Treasury website at : [www.IRS.GOV](http://www.IRS.GOV)



## Is the QHDHP with HSA Right for You?

- All medical costs are yours until the deductible is met. HSA funds are available only as deposited. Until the HSA is fully funded, do you have money available to cover medical costs if needed immediately?
- How much would you be out-of-pocket under one of the Traditional Plans?
  - ✓ Premium amounts
  - ✓ Office visits
  - ✓ Rx costs
  - ✓ Deductible and/or coinsurance expense for hospital services
- How does that compare to your potential liability under the QHDHP?





## Medical Plan Comparisons

	Blue Care HMO	Preferred–Care Blue PPO	PCBC QHDHP with HSA
<b>HSA District Contribution</b>	NONE	NONE	\$975.60 per Cal Yr for Indiv & Family coverage
<b>Deductible</b>	NONE	\$500 Indiv / \$1,000 Family	\$2,500 Indiv / \$5,000 Family
<b>Out of Pocket Maximum</b>	In/Outpatient surgical copays limited to \$2,500 per member per calendar year	\$1,500 Indiv / \$3,000 Family	\$2,500 Indiv / \$5,000 Family (\$1,524.40 Indiv / \$4,024.40 Family with District contribution)
<b>Office Visits</b>	\$30 / \$60 Copay*	Ded. Then 20%	Ded. Then 100% Routine Preventive covered 100%
<b>Hospital Copays</b>	\$500 per day up to \$2,500 per member per calendar year	Ded. Then 20%	Ded. Then 100%
<b>Prescription Drugs</b>	\$10 / \$50 / \$70*	\$10 / \$50 / \$70*	Ded. Then 100%
<b>Annual Premium</b>	\$0 Indiv. / \$8,366.16 Family	\$1,047 Indiv. / \$11,197.20	\$0 Indiv. / \$6,714.24
<b>"Worst Case Scenario" (Claims + Premium) for an Indiv</b>	\$0 Annual Premium + \$2,500 OOP Max <b>\$2,500 + copays</b>	\$1,047 Annual Premium + \$1,500 OOP Max <b>\$2,547 + copays</b>	\$0 Annual Premium + \$2,500 OOP Max - \$975.60 District funded HSA <b>\$1,524.40</b>

\* Copays DO NOT apply to Deductible or OOP Maximum; they will always continue



***Questions???***