

Consumerism in Health Care

As the County evaluates medical plan offerings for the 2009 calendar year and prepares for the annual open enrollment period, we would like to provide further education to employees about trends in the health care marketplace. This third issue of "Consumerism in Health Care," provides a high-level overview of Qualified High-Deductible Health Plans and Health Savings Accounts.

What is a Qualified High-Deductible Health Plan (QHDHP)?

A high-deductible plan that meets the minimum IRS regulated deductibles.

2009 Limits:

	2009 IRS HSA Annual Limits	2009 Johnson County Proposed Plan
HSA Contribution Maximum	\$3,000 Individual \$5,950 Family	\$3,000 Individual \$5,950 Family
Catch-Up Contribution Maximum	\$1,000 Age 55 or Older	\$1,000 Age 55 or Older
QHDHP Minimum Deductible	\$1,150 Individual \$2,300 Family	\$1,500 Individual \$3,000 Family
QHDHP Maximum Out-of-Pocket	\$5,800 Individual \$11,600 Family	\$3,000 Individual \$6,000 Family

What Is a Deductible?

A deductible is a set dollar amount that you must pay, before insurance coverage for medical expenses begin.

How Does a QHDHP Differ From a Traditional PPO?

Under a QHDHP, your annual deductible and out-of-pocket maximum includes **both medical expenses and pharmacy expenses**. All eligible out-of-pocket expenses are your responsibility until the deductible is met.

Unlike a traditional PPO plan, if you elect family coverage, **the entire family deductible must be met** before benefits are payable for any covered family member.

What Is a Health Savings Account (HSA)?

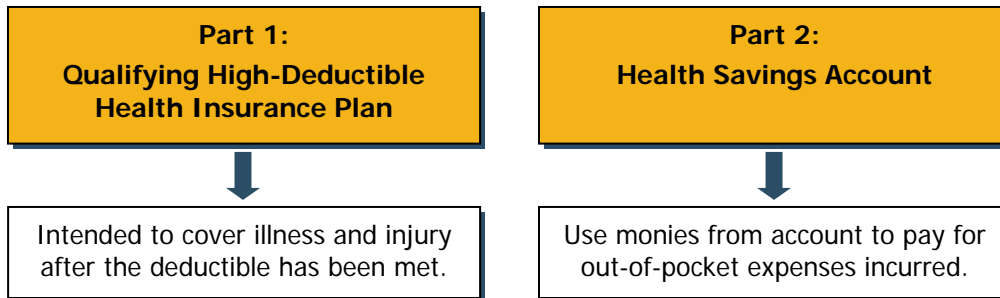
An HSA is an account that can be funded with your tax-exempt dollars, by your employer, or both. The funds in the account help pay for eligible medical expenses not covered by the insurance plan, including deductible, coinsurance and, in some cases, may be used to pay health insurance premiums.

Who Is Eligible for an HSA?

Anyone who is:

- Covered by a QHDHP;
- Not covered under a non-QHDHP medical health plan;
- Not entitled to Medicare benefits; and
- Not eligible to be claimed on another person's tax return.

How Does an HSA Work?



When Is an HSA Account Used?

After visiting a physician, facility, or pharmacy, your claim will be submitted to your QHDHP for processing. Your HSA dollars can be used to pay your out-of-pocket expenses (deductibles and coinsurance), or you can pay out-of-pocket and save your HSA dollars for future medical expenses.

How Much Can Be Contributed to an HSA?

As noted by federal law for the 2009 calendar year, the annual contribution limits are equal to \$3,000 for individual coverage or \$5,950 for family coverage.

What Expenses are Eligible for Reimbursement From an HSA?

An HSA may reimburse qualified medical expenses incurred by you the account holder, your spouse, and your dependents. Qualified medical expenses are defined by the IRS in IRC Sec. 213(d).

In addition to qualified medical expenses, the following insurance premiums may be reimbursed from an HSA:

- COBRA premiums.
- Health insurance premiums while receiving unemployment benefits.
- Qualified long-term care premiums.
- Any health insurance premiums paid, other than for a Medicare supplement policy, by individuals age 65 and over.

What Is the Difference Between an HSA and a Flexible Savings Account (FSA)?

- An HSA can roll over unused funds from year to year.
- An FSA cannot roll over unused funds from year to year.
- If an employee is enrolled in the HSA, they may elect to contribute to the Dependent Care FSA only. You cannot contribute to both an HSA and Health Reimbursement FSA in the same year.

Why Would Someone Elect to Enroll in a QHDHP and an HSA?

1. **Potential Cost Savings**—Generally, employers offer QHDHPs as a lower-cost medical plan option.
2. **Long-Term Financial Benefits**—HSAs offer the ability to save for future medical expenses as unused funds roll over year to year.

Why Would Someone not Elect to Enroll in a QHDHP and an HSA?

1. Predictable high utilization of health insurance.
2. Upcoming financial obligations that would deplete financial resources.
3. Financial uncertainty.

Where to Find More Information on HSAs?

To view statute, technical guidance, and other consumer-friendly information released by the U.S. Department of Treasury, please visit: <http://www.treas.gov/offices/public-affairs/hsa>.