



BIG SPRING SCHOOL DISTRICT 2018/2019 OPEN ENROLLMENT

# QUALIFIED HIGH DEDUCTIBLE HEALTH PLAN OVERVIEW

May 23, 2019

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[www.usi.com](http://www.usi.com)

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# Agenda

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- Health Savings Account Basics
- Eligibility
- Health Savings Account Contributions
- Distribution Rules
- Qualified Medical Expenses
- BenefitWallet

# Health Savings Account Basics

# What is a Health Savings Account (HSA)?

A Medical Savings Account that is:

- Set up with a Trustee or Custodian
- Owned by an Individual (not the Employer)
- Contributed to by the eligible Individual (or anyone else, including through Employer funding)
- Used to pay current and future medical/health related expenses on a tax-free basis
- Paired with a Qualified High Deductible Health Plan (QHDHP)
- Subject to strict IRS rules and guidelines

# What are the tax advantages of a HSA?

## Three-tiered federal tax savings:

- Contributions reduce taxable income



- Interest/Earnings accumulate tax-free



- Distributions for qualified medical expenses are tax-free

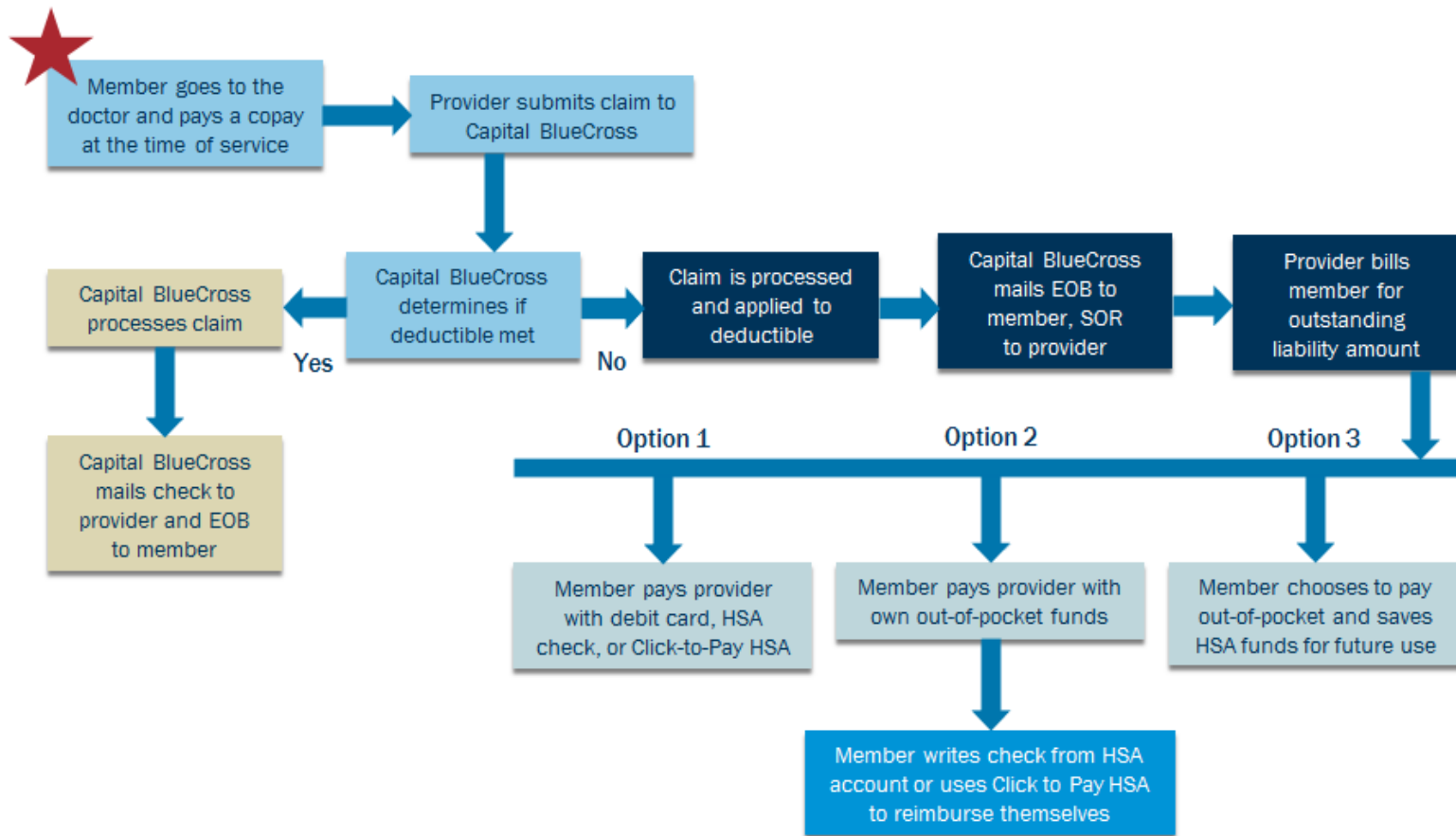
# What is a Qualified High Deductible Health Plan (QHDHP)?

A health plan that provides significant benefit and satisfies requirements for minimum Deductibles and Out-of-Pocket Maximums

A Qualified High Deductible Health Plan is a health plan that provides significant benefits and satisfies requirements for minimum deductibles and out-of-pocket maximums

- Offers Single (self-only) or Family coverage
- Except for Preventive Care, which is covered at 100%, no benefits can be paid until annual deductible is met
- Requires an established Deductible to be satisfied prior to paying any benefit, in accordance with annual IRS minimums
- Deductible is satisfied through Medical, Rx or combination of both

# QHDHP with HSA Claim Flow Chart



# QHDHP HSA Eligibility



# Who is QHDHP HSA Eligible?

Health Savings Accounts are available to any individual that:

- Is covered by an IRS Qualified High Deductible Health Plan
- Is not entitled (eligible and enrolled) to Medicare
- Can't be claimed as a Dependent on someone else's tax return
- Is not covered by any other health insurance plan

## Permitted

- Limited FSAs and HRAs
- Auto, Life, Workers Compensation or Disability Coverage
  - Dental, Vision or Long Term Care Insurance
- Specific Disease and per diem Hospitalization Insurance

## Not Permitted

- General Purpose FSA or HRA
  - Alternative Rx Coverage
- Medical Coverage under Spouse's Plan

# Health Savings Account Contributions

# Contributing Sources

Contributions can be made by HSA account holder or anyone else – including Employer and family members

- Employer contributions are not taxable and are excluded from income and employment taxes
- If made by the HSA account holder/owner, contributions are “above-the-line” tax deductions
- If made by other individuals, they can be deducted by the HSA account holder

# Contribution Limits

- Contribution limits are updated each year by the IRS
- Monthly limits depend on the type of QHDHP you have (Single or Family)
- All contributions are aggregated (regardless of source)

- 2018 Single HSA Contribution Limit = \$3,450
- 2019 Single HSA Contribution Limit = \$3,500
- 2018 Family HSA Contribution Limit = \$6,900
- 2019 Family HSA Contribution Limit = \$7,000
  - If spouses are both HSA eligible, the contribution limit is divided between spouses and can't exceed the Family limit
- At age 55, an additional \$1,000 catch-up contribution is permitted

# Distribution Rules

# Distribution Rules

HSA distributions are tax-free if they are used to pay for unreimbursed qualified medical expenses incurred after the HSA was established.

## Qualified Medical Expenses

- Expenditures for medical care, as defined in Code section 213(d)
- For the HSA account holder and his/her spouse or tax dependents  
(Health Care Reform rules for Age 26 do not apply to HSAs)
- Incurred after HSA was established

# Distribution Rules

- For Individuals age 65 and older, HSA distributions can be used for non-qualified medical expenses without facing the 20% penalty
  - Income taxes will apply for non-medical distributions
  - The rule is in place regardless of whether the individual is enrolled in Medicare

# Qualified Medical Expenses



# Examples of Qualified Expenses

- IRS Qualified Medical Expenses include, but are not limited to:
  - Most medical care expenses, including out-of-pocket expenses
  - Prescription Drugs
  - Over-the-counter drugs, with prescription
  - Dental or Vision care expenses
  - Some insurance premiums
    - COBRA
    - Health insurance premiums while receiving unemployment benefits
    - Qualified long-term care premiums
    - Any health insurance premiums paid, such as premiums for Medicare Part B, C, D or Medicare HMO products (other than for Medicare supplement policies, such as Medigap), by individuals age 65 and over

# Examples of Ineligible Expenses

The following expenses are not eligible for reimbursement from a HSA:

- Over-the-counter drugs without a prescription
  - Most cosmetic surgery or cosmetic procedures
  - General health items (for example; hand sanitizer, toiletries)
  - Expenses covered by another health plan
  - Expenses incurred before the HSA was established
- 
- NOTE: If HSA funds are used for a non-qualified expense, the account holder may be subject to a 20% penalty and income tax on the expense

# BenefitWallet

# BenefitWallet

BenefitWallet, the designated Capital BlueCross HSA Custodian, offers many convenient services, capabilities and support

## ■ Contributions

- You can use BenefitWallet to contribute to your HSA through:
  - Payroll
  - Online account-to-account transfer
  - Mailing a check with a deposit slip
  - Transferring an existing HSA balance to BenefitWallet for account consolidation

## ■ Payment Options

- You can pay for your health care expenses using your:
  - Debit card
  - Online bill pay
  - Checkbook
- Or, you are able to reimburse yourself for out-of-pocket expenses through an online account-to-account transfer or writing a HSA check to yourself.

# BenefitWallet Mobile App

Members can also access their BenefitWallet account from the convenience of their smartphone.

The BenefitWallet app is a secure, interactive mobile application for members to access their account information.

It's as simple as logging in to the app with your existing BenefitWallet User ID and password.

Then, you can:

- View your account balances and transaction history
- View claims
- Upload photos of documentation
- View, access, submit and pay claims
- Access online bill pay
- Tap to call the BenefitWallet Service Center

# Investments

Unlike other health care accounts, the HSA has no “use or lose” provision, where you need to use all of your dollars by the end of the year. Any funds not used in a given plan year remain in your interest-bearing account for future qualified medical expenses.

Once you reach a minimum balance of \$1,000, you can elect to invest any amount of that threshold.

Members can invest HSA dollars in the investment options offered by BenefitWallet and pay no federal taxes on any interest and/or investment earning, as long as the money remains in the HSA and is used to pay for qualified expenses.

Features of the investment platform include:

- Over 25 investment options
- A variety of fund families
- Access through the member portal – no other ID and password is needed
- A comprehensive set of tools that are available online to help with investment selection

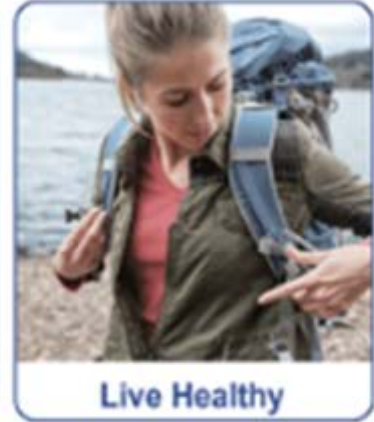
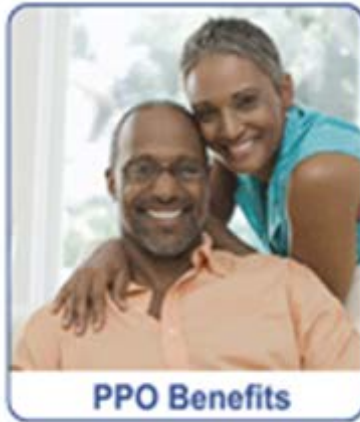
# BenefitWallet Service Center

If you have any questions about BenefitWallet, you have access to the BenefitWallet Service Center by calling 1-877-472-4200.

Hours of operation are Monday to Friday; 8:00 AM to 11:00 PM, EST  
Saturday and Sunday, 9:00 AM to 6:00 PM, EST

The Benefit Wallet site, [mybenefitwallet.com](http://mybenefitwallet.com), offers educational materials, HSA FAQs and a Video Library

# Big Spring Medical/RX Details



<https://www.capbluecross.com/bigspringsd>



# Healthcare Rates 2018-19

*final 180521*

Active

**2018-19**

**Pro Staff Prem Share**

**Act 93+ Prem Share**

**Supt Staff-PremShare**

**Medical + Rx**

8%  
12%

11.0%  
17.5%

5%  
9%

Contract Type	Monthly	Annual	Pro Staff Prem Share		Act 93+ Prem Share		Supt Staff-PremShare	
			Yr Share	/24Pay	Yr Share	Per Pay	Yr Share	/24Pay
Single	\$ 590.45	\$ 7,085.40	\$ 566.83	\$ 23.62	\$ 779.39	\$ 32.47	\$ 354.27	\$ 14.76
EE+1Child	\$ 797.11	\$ 9,565.32	\$ 765.23	\$ 31.88	\$ 1,052.19	\$ 43.84	\$ 478.27	\$ 19.93
EE+Children	\$ 1,062.82	\$ 12,753.84	\$ 1,020.31	\$ 42.51	\$ 1,402.92	\$ 58.46	\$ 637.69	\$ 26.57
EE+Spouse	\$ 1,210.42	\$ 14,525.04	\$ 1,743.00	\$ 72.63	\$ 2,541.88	\$ 105.91	\$ 1,307.25	\$ 54.47
Family	\$ 1,623.75	\$ 19,485.00	\$ 2,338.20	\$ 97.43	\$ 3,409.88	\$ 142.08	\$ 1,753.65	\$ 73.07

	Monthly	Annual	#Enr	EE Shr	Per 24Pay
Dental	\$54.00	\$ 648.00	270	\$ 48.00	\$ 2.00
Vision	\$7.58	\$ 90.91	268	\$ -	\$ -

# Classified Staff

Classified Staff

The District will deduct this \$\$ for premium share each pay

Category	Yr Prem Share
Single	\$ 354.27
24-pay >>	\$14.76
EE+1Child	\$ 478.27
24-pay >>	\$19.93
EE+Children	\$ 637.69
24-pay >>	\$26.57
EE+Spouse	\$ 1,307.25
24-pay >>	\$54.47
Family	\$ 1,753.65
24-pay >>	\$73.07

Total Deduct	BSSD HSA Deposit	Wellness HSA (opt)	EE pays deductible & coinsurance			Break Even HSA Deposit	OOP Max
			You Owe Bal Of Deductible	Add'l 10% + Coinsurance			
\$1,400	-\$550	-\$350	= \$500	+ 600	= \$1,100	\$2,000	
			\$20.83	+ \$25.00	= \$45.83		
\$2,800	-\$1,100	-\$350	= \$1,350	1200	\$2,550	\$4,000	
			\$56.25	+ \$50.00	= \$106.25		
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\$2,800	-\$1,100	-\$350	= \$1,350	1200	\$2,550	\$4,000	
			\$56.25	+ \$50.00	= \$106.25		

Deductible

You must decide if you want optional deposits into HSA to cover all, part or none of deductible and coinsurance.

Put this amount in to cover deductible + co-insurance

To Maximize HSA to 2018 IRS limit:

IRS Max Into HSA	Max EE Deposit / Yr	★
\$3,450	\$2,550	Per Yr
	\$106.25	24 pay
\$6,900	\$5,450	Per Yr
	\$227.08	24 pay
\$6,900	\$5,450	Per Yr
	\$227.08	24 pay
\$6,900	\$5,450	Per Yr
	\$227.08	24 pay

IRS Max - BSSD contribution = Max EE deposit into HSA per tax year.

\* Note: These are Tax Year 2018 rates -- HSA max contribution is figured on a calendar year and includes both employer and employee deposits. It assumes you qualified for Wellness. For 2018 federal taxes, you must also consider what you have added since January of this year if different from above! The max for calendar year 2018 is \$3,450 single & \$6,900 family - that includes BSSD contribution. At age 55, an additional \$1,000 catch up contribution is added to the max. For 2019 tax year the single combined max will be \$3,500 and \$7,000 family.

# Professional Staff

Professional

The District will deduct this \$\$ for premium share each pay

Category	Yr Prem Share
Single	\$ 566.83
24-pay >>	\$23.62
EE+1Child	\$ 765.23
24-pay >>	\$31.88
EE+Children	\$ 1,020.31
24-pay >>	\$42.51
EE+Spouse	\$ 1,743.00
24-pay >>	\$72.63
Family	\$ 2,338.20
24-pay >>	\$97.43

HSA Calculations

EE pays deductible & coinsurance

Total Deduct	BSSD HSA Deposit	Wellness HSA (opt)	You Owe Bal Of Deductible	Add'l 10% Coinsurance	Break Even HSA Deposit	OOP Max
\$1,400	-\$550	-\$350	\$500	600	\$1,100	\$2,000
			\$20.83	\$25.00	\$45.83	
\$2,800	-\$1,100	-\$350	\$1,350	1200	\$2,550	\$4,000
			\$56.25	\$50.00	\$106.25	
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or

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Questions?