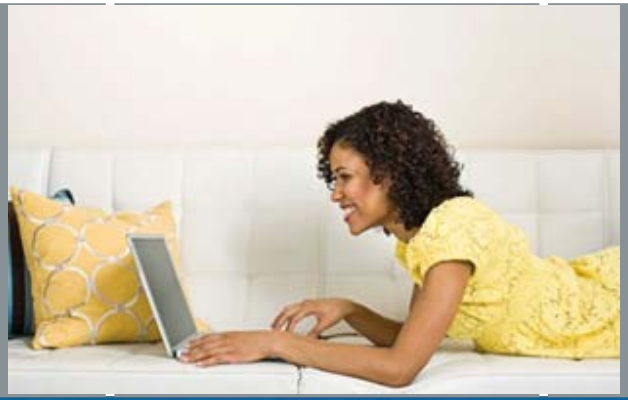

The High Deductible Health Plan (HDP) with Health Savings Account (HSA)

January 1, 2022

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About This Presentation

This is an abbreviated presentation designed to give you highlights about the high deductible plan. Refer to the Enrollment Guides, myuhc.com, or www.pebcinfo.com for more information.

Full details are contained in the legal documents governing the individual plans. Consult the plan documents for more information about services, limitations, and exclusions.

If there is a discrepancy or conflict between this information and the plan documents, the plan documents will govern and this presentation does not imply a promise of future benefits.

Information connected to other plans, including Medicare, Medicaid and TRICARE, is subject to the underlying rules governing eligibility and plan benefits.

Agenda

- The High Deductible Plan (HDP)
- Plan Features
- Preventive Care
- 2022 “Accounts”
- Plan Comparison
- How Are Claims Paid?
- HSA Overview
- Additional Tools and Resources
- Questions

Encouraging Better Decisions with the HDP

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Research shows that introducing a high deductible health plan, people are making more cost-and health-conscious decisions. This has lead to:

- Fewer doctor visits
- Fewer prescriptions filled
- Increase use of generic medications

Source: "Consumer-Directed Health Plans Reduce The Long-Term Use Of Outpatient Physician Visits And Prescription Drugs" *Health Affairs*, June 2013.

The Medical Plan

- The IRS defines this plan as a high-deductible health plan, which means you can have a health savings account (a bank account with funds that belong to you.)
- Regardless of your medical plan choice (HDP or PPO Plan), both medical plans use the same provider networks.
  - Medical – UnitedHealthcare Choice Plus Network
  - Pharmacy – CVS Caremark
  - Mental Health – UnitedHealthcare
- The HDP covers certain *out-of-network* services if you choose an out-of-network provider, but you typically pay more of the cost. Given the size of the network, it is unlikely you would ever need to choose to go out-of-network.

The Medical Plan (deductible)

- The HDP does not use copays. You will pay 100% of the allowable cost until the deductible is met (medical, pharmacy, mental health).

- The in-network allowable cost is the discounted pricing from UnitedHealthcare and/or CVS Caremark. It is not "retail cost."

- The *in-network* HDP deductible is $1,500 (single) or $3,000 (family) and the *out-of-network* HDP deductible is $3,000 (single) or $6,000 (family). Family deductible applies to employee + spouse, employee + child(ren) and employee + family.

The term single and individual are used interchangeably in this presentation.

An Important Distinction
Family Deductible

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- The PPO Plan allows a family member who meets the $500 deductible to move to coinsurance *before* the entire family deductible of $1,000 is met. Once $1,000 is met (combined family eligible expenses), the plan starts paying 80% coinsurance for remaining family members.
- **Unlike the PPO Plan, the HDP "family" deductible must be met in full before anyone moves to coinsurance. This is an IRS rule.**
- Even if one HDP Plan family member meets the (individual/single) deductible, the *entire* family deductible must be met before the plan starts paying 80% coinsurance for any family member.
- After in-network deductible and coinsurance limits are met, the plans pay 100% of eligible in-network expenses for the remainder of the year. Out-of-network OOP is treated differently.

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The Medical Plan – In-Network (coinsurance/out-of-pocket)

- After you meet the deductible (for example, $1,500 single or $3,000 family), you pay 20% coinsurance until the annual out-of-pocket (OOP) maximum limit is met.

- The in-network coinsurance maximum is $1,500 (single) or $3,000 (family). To illustrate, if you enroll in single coverage, in addition to your deductible you must incur $7,500 in eligible cost before you meet the single coinsurance maximum ($7,500 x 20% = $1,500).

- Your *total* annual in-network out-of-pocket maximum limit (OOP) is $3,000 for single coverage ($1,500 deductible plus $1,500 coinsurance) or $6,000 for family coverage ($3,000 deductible plus $3,000 coinsurance) – the total of deductible and coinsurance. Once you reach the OOP, you are done. The plan pays 100% of eligible in-network costs for the remainder of the year.

The Medical Plan – Out-of-Network (coinsurance/out-of-pocket)

- After you meet the *out-of-network* deductible (for example, $3,000 single or $6,000 family), you pay 40% coinsurance for the remainder of the year and additional costs apply.
- *Out-of-network* services do not have a coinsurance maximum. This means that after deductible, you pay 40% of eligible costs for the remainder of the year, *plus any provider billed charges exceeding plan payment.*
- The HDP will never pay 100% of eligible *out-of-network* costs for the remainder of the year.

The Medical Plan – In-Network (example 1-individual/single)

- Example – You enrolled in single coverage and in February you incur a $15,000 hospital bill. Because you used an in-network hospital, the allowable is $10,000. Your cost is:

  $1,500 deductible

  $1,700 coinsurance ($10,000 allowable - $1,500 deductible x 20%)

  $3,200

  (200) coinsurance maximum is $3,000; reduction applies

  $3,000 due from patient

  (Plan pays $7,000 and you are not responsible for the difference between billed charges and the allowable, which is $5,000.)

- After discharge, you pay zero for a formulary brand drug ($78 drug cost) filled at your local network pharmacy. Since you already met your deductible and coinsurance for the year ($3,000 total), the plan pays 100% of eligible in-network plan costs for the remainder of the year.

Assumes no other medical expenses before February.

The Medical Plan – Out-of-network (example 1-family)

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- Example – You enrolled in ***family*** coverage. In February you incurred and are billed $15,000 from an *out-of-network* hospital. In this case, the plan determines the *out-of-network* maximum cost for these services is $9,000. Your cost is:

  $ 6,000 family deductible

  $ 1,200 coinsurance ($9,000 - $6,000 x 40%)

  $ 6,000 balance billing/amount due to provider ($15,000 – 9,000)

  $13,200 due from patient

  * Plan pays $1,800 ($9,000 - $6,000 x 60%)

- After discharge, you pay $31.20 for a prescription (your 40% cost of a $78 formulary brand drug filled at your local network pharmacy). Since you already met your family deductible, you now pay 40% of Rx cost for the remainder of the year.

Assumes no family medical or pharmacy expenses before February.

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The Medical Plan - In-Network (example 2)

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- Example – You enrolled in single coverage. Your doctor advises you get an MRI on your knee. You do not know how much an MRI costs, and you contact UnitedHealthcare for some help.
- You learn there are five *in-network* MRI providers close to your home. The most expensive will cost you $2,500. The least expensive will cost you $800. All are quality in-network providers.
- Which will you choose?

Visit myuhc.com and select myHealthcare Cost Estimator to estimate out-of-pocket costs.

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The Medical Plan – Out-of-network (example 2)

- Example – You enrolled in single coverage. Your doctor advises you get an MRI on your knee. You *choose* an out-of-network MRI facility (even though in-network facilities are available) and you do not know how much an MRI costs.
- You are billed $2,700 for out-of-network MRI services.
- How much will you owe? You should ask this question before you incur out-of-network services. If this is your first claim of the year, you will pay much of the cost for this service.
- Contact UnitedHealthcare or myNurseLine to find the closest in-network facility.

Your Plan Features

- You can see any doctor you want – but only in-network costs count toward your OOP. If you choose an out-of-network provider, you will pay more of the cost.
- You can use your HSA account to pay for an out-of-network provider – but your money will stretch farther with an in-network selection.

A network doctor, pharmacy, hospital and convenience care clinic are likely nearby.

Source: UnitedHealthcare Network and national network data provided by Strenuous and industry standard access requirements for hospitals and primary care physicians, May 2012

Preventive Care

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Regardless of the plan you choose, your *in-network* preventive care is covered at no cost to you.

immunizations

well-woman check

well-child check

mammogram

blood pressure tests

cholesterol tests and more

Your plan also covers other routine services, but those services may require you to pay out of your pocket.

For more information, visit **uhcpreventivecare.com**

Your 2022"Accounts"

- The medical plan you select determines the type of "account" available to you.
- **PPO** – *general purpose* health care FLEX account (United Healthcare)
- **OPT-Out*** – *general purpose* health care FLEX account (United Healthcare)
- **HDP** – with health savings account - HSA (Optum Bank)
  - Your employer contributes "seed money" to your HSA in January 2022. These funds are not intended to replace your own contribution to your HSA.
  - The maximum election is the difference between the annual limit and your employer's seed money contribution, subject to IRS rules.
  - Contribute to your HSA instead of a *general purpose* FLEX account (HSA is a bank account you own – "use it or lose it" does not apply).
  - You can also elect a *limited purpose* health care FLEX account (United Healthcare) for your vision /dental expenses and medical expenses after deductible. This is a "use it or lose it" account for funds exceeding $500, which are rolled over to the next plan year.

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About the *Limited Purpose* FLEX Account

- $2,750 – Employee annual election maximum.
- Some employers may deposit funds into your *limited purpose* FLEX account.
- If you elect this account, will receive a FLEX debit card (Health Care Spending Card) from United Healthcare. A card will automatically be issued at no cost to you.
- Use for dental and vision expenses as well as coinsurance above your deductible (your 20% amount).
- Claims cannot be reimbursed from any other source.
- File claims to be reimbursed (electronic/mail) or use your United Healthcare debit card at point of service (vision/dental only). EOB is required for reimbursement of medical coinsurance.
- Submit claims by April 30 of the following year in which the claim was incurred.
- Dependents claimed on your tax return only (do not have to be enrolled on your medical plan).

How Are Claims Paid?

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You will receive information online or in the mail about your health care services.

UnitedHealthcare reviews claim to determine if:

- service was an eligible expense
- service was received from a network doctor or facility
- service was for preventive care

If preventive care was received in network, claim gets paid 100%. You have no out-of-pocket costs.

If expense is eligible and you used a network doctor or facility, UnitedHealthcare applies the network discount.

If non-preventive care, UnitedHealthcare will notify doctor of amount you owe.

You can choose to pay bill using HSA or pay another way (cash, credit card, check) and let HSA grow.

HSA Brief Overview

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2022 Contribution Maximum

Individual: $3,650 annually

Family: $7,300 annually

Additional Funding

Those 55 years of age or higher can deposit an addition $1,000 per year as a "catch-up" contribution!

The annual contribution maximum is the total of all contributions – employer plus employee

Family means the employee plus at least one more dependent – and applies to Tier 2, 3, or 4

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You are eligible to contribute to an HSA Account if…

- You are covered by an eligible high-deductible plan (like the HDP).
- You are not covered by another health plan that is not a high-deductible plan (example – another traditional health plan like a PPO).
- You are not enrolled in Medicare (includes Part A, B, etc.), TRICARE, TRICARE for Life, or received care from a VA facility in the three months before contributing to an HSA.
- You are not claimed as a dependent on someone else's tax return.
- You are not covered by a health care flexible spending account (such as the PEBC FXM) or if your spouse has an FSA.

About the HSA Bank Account

- You are in charge of managing your HSA account – it is a personal bank account that belongs to you.
- If you leave employment or retire, the account goes with you.
- The IRS decides which expenses can be paid and reimbursed from an HSA account. See IRS Publication 502.
- If you are newly enrolled in this plan, your employer will establish the account for you with Optum Bank, United Healthcare's preferred bank.
- You will receive an Optum Bank Debit Card for use in paying for HSA qualified expenses. This is a no-fee MasterCard and is different than the UnitedHealthcare FLEX Debit Card.
- You will receive more information about the account from Optum Bank and during annual enrollment.

About the HSA Bank Account (continued)

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- You are not taxed on deposits to the account or any earnings on the funds. You are also not taxed on withdrawals as long as funds are used to pay qualified medical expenses.
- Any funds used for something other than qualified medical expenses are considered “income” and will be taxed.
- Unless you are age 65 or older (or disabled and enrolled in Medicare), you will also pay a 20% tax penalty for use of the funds on something other than qualified medical expenses.
- Adopt the “save” vs. “spend” approach – try to keep funds in the account as long as possible.

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myuhc.com, your personalized gateway to information that may lead to better decisions

myuhc.com is the go-to resource for enrolled employees

Employees can:

- **Understand your benefits**
- **View account balances (deductible and OOP)**
- **Find doctors in your area – evaluate on quality and cost efficiency**
- **Look up claims**
- **Estimate costs ahead of time via myHealthcare Cost Estimator**
- **Learn about how to stay healthy**

Additional Tools and Resources

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- www.pebcinfo.com
- www.caremark.com

On the Go – apps

- Health4Me - find a doctor, check a claim, view your ID card, and more.

- Visit caremark.com and select the app appropriate for your device.

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