

LEARN MORE ABOUT HOW YOU MIGHT BENEFIT FROM A “HIGH DEDUCTIBLE HEALTH PLAN” OPTION ALONG WITH A “HEALTH SAVINGS ACCOUNT”

Employees of Davis School District now have the option of enrolling in a “High Deductible Health Plan” (HDHP) as an alternative to the traditional health plans offered by the district. The two HDHPs offered by the district include “SelectHealth High Deductible” and “Aetna High Deductible”.

Additionally, employees who select HDHP coverage will be eligible for a “Health Savings Account” (HSA) that may be used to pay qualified medical costs. These HSAs will be set up and administered through HealthEquity. Employees electing HDHP coverage will receive a monthly contribution from the district into their HSA. Additionally, employees may make contributions to their HSA on a pre-tax basis.

Please consider the following information in determining whether a “High Deductible Health Plan” is right for you.

How does a “High Deductible Health Plan” (HDHP) Work?

The HDHPs offered by the district have lower monthly premiums than the traditional health plans. Just like the name suggests, an HDHP has a high deductible which you must satisfy before any benefits will be paid by the insurance company.

For each of the HDHPs offered by the district, there is an annual deductible (\$2,500 if you have individual coverage, and \$5,000 if you have 2-party or family coverage.) Until this annual deductible is met, you would pay the entire cost of eligible medical expenses (i.e. doctor visits, prescriptions, diagnostic tests, surgeries, hospitalization, etc.) The amount you are billed will be the discounted rate which has been negotiated with the insurance carrier. (Please note, most preventive services are covered at 100% and are not subject to the deductible.)

Once you have satisfied the annual deductible, medical claims would be paid according to the plans’ benefits schedule. These benefits would apply until you have met the annual out-of-pocket maximum (\$3,500 if you have individual coverage, and \$7,000 if you have 2-party or family coverage.) Once you meet the out-of-pocket maximum, all eligible claims would be paid at 100%.

How does a “Health Savings Account (HSA) work in conjunction with HDHP coverage

A “Health Savings Account” (HSA) is a tax-free savings account that works with a qualified HDHP to help you pay your insurance deductible and other qualified out-of-pocket medical expenses. In order to be eligible for an HSA, you must:

- Be enrolled in a qualified high deductible health plan (HDHP);
- Not be covered by another health plan that is not an HDHP;
- Not be enrolled in Medicare;
- Not be claimed as a dependent on anyone else’s tax return.

If you meet this criteria and choose one of the HDHPs offered by the district, you will be set up with an HSA which will be administered through HealthEquity. You will then be able to make tax-free contributions to your HSA that may be used to pay qualified medical expenses. Additionally, the district will make monthly contributions to your HSA. For 2020, the amount of the monthly district contribution will be based on the coverage you choose and your weekly authorized hours as follows:

	30 or more hours per week	Less than 30 hours per week
Family coverage	\$180.00 per month	\$ 90.00 per month
2-party coverage	\$140.00 per month	\$ 70.00 per month
Individual coverage	\$ 70.00 per month	\$ 35.00 per month

(Please note: Individuals continuing coverage through COBRA and retirees beyond the first three years of coverage under the early retirement incentive plan are not eligible for the monthly HSA contribution from the district.)

Contribution Limits

The total annual amount that may be contributed to your HSA is limited by the IRS. For 2020, the limit is \$3,550 if you have individual coverage, and \$7,100 if you have 2-party or family coverage. If you are over the age of 55, you can make an additional “catch-up” contribution of \$1,000. Your own HSA contributions, combined with the monthly district contributions, cannot exceed these amounts. If you contribute too much, the IRS will impose a penalty on the excess amounts.

Tax Advantages

You can set-up a payroll deduction to have your own HSA contributions deducted from your paycheck on a pre-tax basis, or you can personally make contributions and write them off as a deduction on your federal and state tax returns. If you choose to make contributions to your HSA through payroll deductions, you may change the amount of your payroll deduction anytime during the year, as long as proper notification is given to the Payroll Department by the 15th day of the month for which you want the change effective.

Eligible Expenses

You may use your HSA funds to pay for qualified medical expenses for yourself, your spouse, and your children who are eligible to be claimed as dependents for income tax purposes. These include expenses that apply toward your HDHP annual deductible and out-of-pocket maximum, as well as other qualified medical expenses, including dental and vision expenses. (For a complete list of qualified expenses, see IRS Publication 502 at www.irs.gov.)

Savings Advantages

The HSA is your account. Any unused funds roll over every year and may be used for future medical expenses, even if you terminate your employment with the district, retire, or change health plans. Unlike a Flexible Spending Account (FSA), you don’t lose the money left in your HSA at the end of the year. The money in your HSA earns interest and may also be invested in mutual funds once your balance reaches at least \$2,000.

Health Care Flexible Spending Account (FSA) not allowed with an HSA

If you elect HDHP coverage along with an HSA, you are not allowed to have a general purpose healthcare flexible spending account (FSA). You may, however, have a “limited-purpose” FSA along with your HSA. This limited purpose FSA may be used only for qualified dental and vision expenses.

If you currently have a healthcare FSA, it must have a zero balance before you can open an HSA. Therefore, if you choose to switch to HDHP coverage for 2020, you must have a zero balance in your healthcare FSA by December 31st in order to open an HSA and be eligible to receive the monthly district HSA contribution beginning in January.

Paying Claims and Medical Expenses

You may access your claims, pay bills, and request reimbursement from HealthEquity’s on-line portal. Additionally, you will receive a HealthEquity Visa debit card that you can use to make payments for qualified medical expenses. You may also make payments by other methods and then request reimbursement from your account.



Health Equity will help you manage your Health Savings Account (HSA)

Through HealthEquity’s on-line access, you will be able to see your HSA account balance, HSA debit card transactions, claims transactions, and other information about your account. You can also pay providers, request reimbursements, and manage your personal information. HealthEquity’s Member Services is available to help you get the most from your HSA, find comparison pricing on prescriptions and medical services, research diseases, and more. HealthEquity’s specialists are available 24 hours a day, 365 days a year, to assist you with questions about eligible expenses, contributions, and distributions.

For additional information and answers to frequently asked questions about HSAs, go to www.davis.k12.ut.us/insurance. There you will see a link to “Health Savings Accounts (HSAs) FAQs”.

Additionally, information about HSAs is available directly from HealthEquity at: www.healthequity.com or by calling (866) 346-5800.