High Deductible Health Plan
Health Savings Account
FAQ

1. **Can I keep what I have?**
   Yes, the current plan will still be an option. We think each member should review the plans and find what fits. Most will find the new plan will save money over the current plan. The NAYYA enrollment tool will assist in making your choice between the two plans.

2. **Do I need to do anything if I want to keep what I have?**
   Yes! All employees eligible for insurance are required to complete the Open Enrollment process through Employee Navigator during the **Open Enrollment period November 7 – 18, 2023**.

3. **What is the HSA plan?**
   The HSA plan will be a higher deductible option that includes a Health Savings Account (more on this below). The plan is designed to offer employees lower premiums, a district contribution to the HSA, and better co-insurance after the deductible.

4. **What are the biggest differences in options?**
   A more detailed plan comparison will be coming and here are a few highlights that you should know:
   - A member is responsible for all costs up to the deductible on the HSA plan, including prescription costs.
   - Once deductible is met, all in network medical and prescription expenses are covered at **100%** with the HSA plan. Your out of pocket is the deductible.
   - The network is the same for both plans—all doctors you have now will be the same with Blue Cross Blue Shields new plan.

5. **What is an HSA?**
   An HSA is a Health Savings Account available to individuals who are covered under qualified High Deductible Health Plan (HDHP) that is dedicated to health care costs you incur today and tomorrow. Funds deposited into the account and earnings are tax-deferred; funds withdrawn for IRS qualified medical expenses are tax-free.

7. **Who is eligible to contribute to an HSA?**
   To be eligible to contribute, an individual must be:
   - Covered by a qualified HDHP
   - Not enrolled in Medicare Part A or Part B
   - Not listed as a dependent on another person's income tax return
   - Not covered by another non-HSA qualified medical plan

   Your spouse's non-HSA qualified coverage does not affect your ability to contribute to an HSA as long as it does not cover you. However, if you or your spouse participates in a Health Flexible Spending Account (FSA) you are considered "covered" by a non-HSA qualified plan and as such cannot contribute to an HSA, unless the FSA is limited-purpose and applies only to dental and/or vision expenses. If you are enrolled in a Limited Purpose FSA for dental and vision, you may still enroll in a HDHP and contribute to an HSA account.

   For the reasons listed in #3 below, it is more advantageous to pair your HDHP with an HSA rather than a Health FSA. If you or your spouse are enrolled in a Health FSA and you wish to enroll in an HSA instead, you will need to wait until the Health FSA plan year has ended. If you still have a balance at the end of your Health FSA plan year and utilize either a grace period or rollover, you will not be able to enroll in an HSA until the end of the grace period or rollover plan year.

8. **How does the HDHP provider network compare to the Traditional PPO Plan provider network?**
   - The network for the HDHP is the same provider network being utilized by the current Traditional PPO Plan. *(you get to keep your same doctors!)*

9. **How does the HDHP out-of-pocket maximum cost compare to the Traditional PPO Plan out-of-pocket maximum costs?**
   - The Traditional PPO Plan out-of-pocket maximum is $1,500 plus Rx copays up to $5,350 for single coverage and $3,000 plus Rx copays up to $9,200 for family coverage. The HDHP out-of-pocket maximum is $3,000 for single coverage and $6,000 for family coverage minus any Health Savings Account (HSA) contributions made by the District.

10. **How do the HDHP provider billable rates compare to the Traditional PPO Plan provider billable rates?**
    - Because the HDHP Network is the same as the Traditional PPO Plan, the HDHP provider billable rates will be the same as the Traditional PPO Plan provider billable rates. However, you will pay the full billable rate until you have satisfied the deductible with the HDHP instead of paying copays or coinsurance with the Traditional PPO Plan.

11. How do the HDHP prescription billable rates compare to the Traditional PPO Plan prescription billable rates?

- The HDHP prescription billable rates are exactly the same as the Traditional PPO Plan prescription billable rates. However, you will pay the full billable rate until you have satisfied the deductible with the HDHP instead of paying copays with the Traditional PPO Plan. You can review billable rates by reviewing the prescription claim receipts you receive from the pharmacy.

12. What preventive care services are covered 100% prior to meeting the deductible?

- Routine annual physicals, immunizations, contraceptives, and screening tests as determined by the U.S. Preventive Services Task Force (USPTF). This applies to both the Traditional PPO and HDHP.

13. Will the HDHP cover prescription drugs <u>before</u> meeting the deductible?

- The HDHP will only cover preventive care prescriptions as determined by the USPTF, such as birth control, at 100% before meeting the deductible.

14. May I be enrolled in the HDHP and also have secondary health insurance through my spouse's employer?

- You may be enrolled in other secondary health insurance, however if the secondary health insurance is Medicare or a non-HSA-qualified medical plan, then you are not allowed to receive or contribute money into an HSA per the IRS.

15. How does an HSA differ from a Flexible Spending Account (FSA)?

There are three main differences between an HSA and FSA:

- An FSA does not require an individual to be enrolled in an HDHP like an HSA does.
- An FSA has a contribution limit of $3,050 which is significantly less than an HSA's contribution limit of $3,850 for individual coverage and $7,750 for family coverage.
- FSA dollars that are not used within a plan year are forfeited by the employee and are returned to the District to offset plan expenses, unlike HSA dollars which do not have to be used within a given plan year and can continue to accumulate year after year.

16. What happens if I no longer meet the eligibility requirements for contributing to an HSA?

- If you cease to meet the criteria listed above, you may no longer contribute to an HSA. However, the balance of your HSA will not be affected, and you may use any existing funds for IRS qualified medical expenses or continue to save the funds for later use.

17. How much can I contribute to an HSA?

- Contributions limits are adjusted annually by the IRS and apply to both employer and employee contributions combined. For 2023, the maximum contribution is $3,850 for single coverage and $7,750 for family coverage, plus an additional $1,000 catch-up contribution for individuals over the age of 55. If both husband and wife are over 55, they may each contribute an additional $1,000 annually as long as they each have their own HSA account.

18. How do I make contributions to an HSA?

- Contributions are made using pre-tax payroll deductions as well as through deposits made by the District.

19. Will the District contribute money to my HSA?

- The District has committed to contributing $1,500 for single coverage and $3,000 for family coverage in 2023. 50% of the contribution will be made to your HSA account by January 30, 2023, with the remaining 50% made by September 30, 2023. Please note: if you are not eligible for an HSA effective January 1st, the District's contribution will be prorated. District contributions for future plan years will be determined by the Board with the recommendation of the Insurance Committee.

20. Does the state of Illinois tax HSA contributions?

- No.

21. Who manages the HSA?

- Each employee manages their own HSA through a bank acting as a custodian. The district has established a relationship with VOYA for the management of the funds. Employees are responsible for determining their own eligibility, monitoring their contribution limit, and verifying IRS qualified medical expenses.

22. May I use my own bank, or do I have to use the District's bank choice?

- The District has chosen Voya to make payroll deduction contributions into employees' HSAs. Individuals may choose to transfer their HSA balance from Voya into an HSA at the bank of their choice, however it is not administratively feasible for the District to have payroll deduction contributions sent to a different bank.

23. Will the District pay all of the administrative and maintenance fees for my HSA?

- Voya does not charge administrative or monthly maintenance fees for HSAs, however, you may be assessed miscellaneous fees for actions such as using non-Voya ATMs or over drafting. Any fees assessed are the responsibility of the employee.

24. What happens to my HSA balance if I leave the District?

- The HSA is owned and maintained by the employee. Upon separation of employment, the employee retains their HSA and its full balance because they are the owner of the account. The funds in the account can still be used to pay for IRS qualified medical expenses tax-free (even if you no longer have HDHP coverage) or can be left in the account to gain tax-free interest until used. You will not be eligible to make further contributions to the HSA account, however, unless you meet the eligibility requirements including qualified HDHP coverage.

25. What happens to my HSA balance if I die?

- When the HSA is set-up, the bank will ask you to name a beneficiary. If your surviving spouse is the named beneficiary, the account will be become their HSA. If the named beneficiary is an estate or an individual other than a surviving spouse, the account will cease to be an HSA and will be included in the federal gross income of the estate or beneficiary.

26. What happens to my HSA balance if I don't meet my deductible in the plan year? Does the employer contribution amount stay in my HSA and carryover to the next plan year? Does the employer HSA contribution amount get refunded back to the District if I don't meet my deductible?

- Money contributed to an employee's HSA from the District belongs to the employee and can only be taken back. A HSA works similarly to a traditional savings account; money does not have to be used in a given plan year and can accumulate from year to year without any penalty.

27. What are the stipulations on what I can use my HSA dollars to pay for? May I spend HSA dollars on OTC medication?

- HSA funds belong to you and may be withdrawn for any purpose, at any time. However, funds withdrawn for reasons other than for IRS qualified medical expenses will be taxed and, for those under age 65, subject to a penalty.
- Funds for IRS qualified medical expenses may be withdrawn tax- and penalty-free as long as the expenses are incurred after the HSA was established. You may even use HSA funds tax- and penalty-free for the qualified medical expenses of your IRS-defined tax dependents even if they are not covered under the HDHP. Qualified medical expenses are defined under Section 213 of the IRS Code (see IRS Publication 502).
- An individual may use their HSA dollars on OTC medications tax- and penalty-free only if they have a prescription from a physician.

28. How do I reimburse myself from the HSA?

- The method of reimbursement depends on the financial institution; Voya offers reimbursements through the use of a debit card, bank withdrawal or check (HSA checks available upon request). You do not need to substantiate your reimbursement at the time of withdrawal, but you will need to keep records of your IRS qualified medical expenses and records of when you reimburse yourself. There is no time limit on when you must reimburse yourself.

29. How will my HSA affect how I prepare my personal tax return?

- HSA contributions made via payroll deduction will be included on your W-2. Contributions made by other means will be reported to the IRS by the financial institution and you will receive a Form 8889 that provides the dollar amount contributed to the HSA. Any money that is withdrawn from the HSA will be reported to the IRS and the individual on an HSA 1099. The individual will be required to state whether or not the withdrawals were used for HSA tax-free IRS qualified expenses. If the expenses are qualified, no tax is paid. If the expenses are not qualified, the individual pays income tax, plus a 20% penalty if under the age of 65. As long as HSA dollars are used for IRS qualified expenses, employees will not pay a tax or penalty. You do not need to submit proof of qualified medical expenses, but you should keep your receipts and doctor's prescriptions for OTC items in case of a tax audit.

For additional assistance determining if the HDHP/HSA is the right plan for you, contact:

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For assistance with Open Enrollment, using Employee Navigator and general plan information, contact:

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