



CSEBO

California Schools Employee Benefits Organization



OXNARD UNION
HIGH SCHOOL DISTRICT

CONSUMER-DIRECTED HEALTH PLANS (CDHP)

JANUARY 1, 2027 – DECEMBER 31, 2027

WHAT IS THE DIFFERENCE BETWEEN AN HMO AND A PPO?

Health Maintenance Organization (HMO)

- ▶ May require members to choose a primary care physician (PCP) or a medical group, who can refer you to a specialist when necessary.
- ▶ Limited access to care outside of the network (Anthem or Kaiser) and service area, except for emergency care, which is always covered.

Preferred Provider Organization (PPO)

- ▶ Choice of physicians within the network; referrals are not required to seek specialty care.
- ▶ More flexibility with an open network, especially while traveling away from home.

IMPORTANT HEALTH PLAN TERMS DEFINED

Deductible: the amount you pay for covered health care services before your insurance starts to pay.

The deductible may not apply for all services, such as preventive care.

- Deductibles run January 1st to December 31st of each year. After your deductible is met, you will pay **coinsurance**, or your percentage of the negotiated billed amount of cost share for services (for example, 10%); the plan picks up the remainder.

Out-of-pocket maximum (OOPM): the maximum you will pay for medical and prescription drug expenses in a calendar year.

- OOPM run January 1st to December 31st of each year. Once the OOPM is met, you are covered at 100% for all in-network expenses until the accumulation period resets.

WHAT IS A CDHP?

- ▶ A Consumer-Directed Health Plan (CDHP) is a **high-deductible health plan** paired with a spending account for out-of-pocket expenses, most commonly a **Health Savings Account (HSA)**.

WHAT IS AN HSA?

- ▶ A Health Savings Account (HSA) is a savings account that lets you put aside money on a pre-tax basis to pay for qualified medical, dental or vision expenses (as defined by the IRS).
- ▶ **By using untaxed dollars in an HSA to pay for deductibles, copays, coinsurance and other qualified expenses, you can lower your overall health care cost.**

WHAT IS A HIGH- DEDUCTIBLE HEALTH PLAN?

- ▶ A high-deductible health plan (HDHP) is a health plan that has a minimum deductible and a maximum out-of-pocket, as determined annually by the IRS.
- ▶ All CDHP plans offered through OUHSD feature the lowest deductibles and out-of-pocket maximums permitted by the IRS for HSA-eligible plans.

A CDHP HAS TWO PARTS: HIGH-DEDUCTIBLE HEALTH PLAN + HEALTH SAVINGS ACCOUNT

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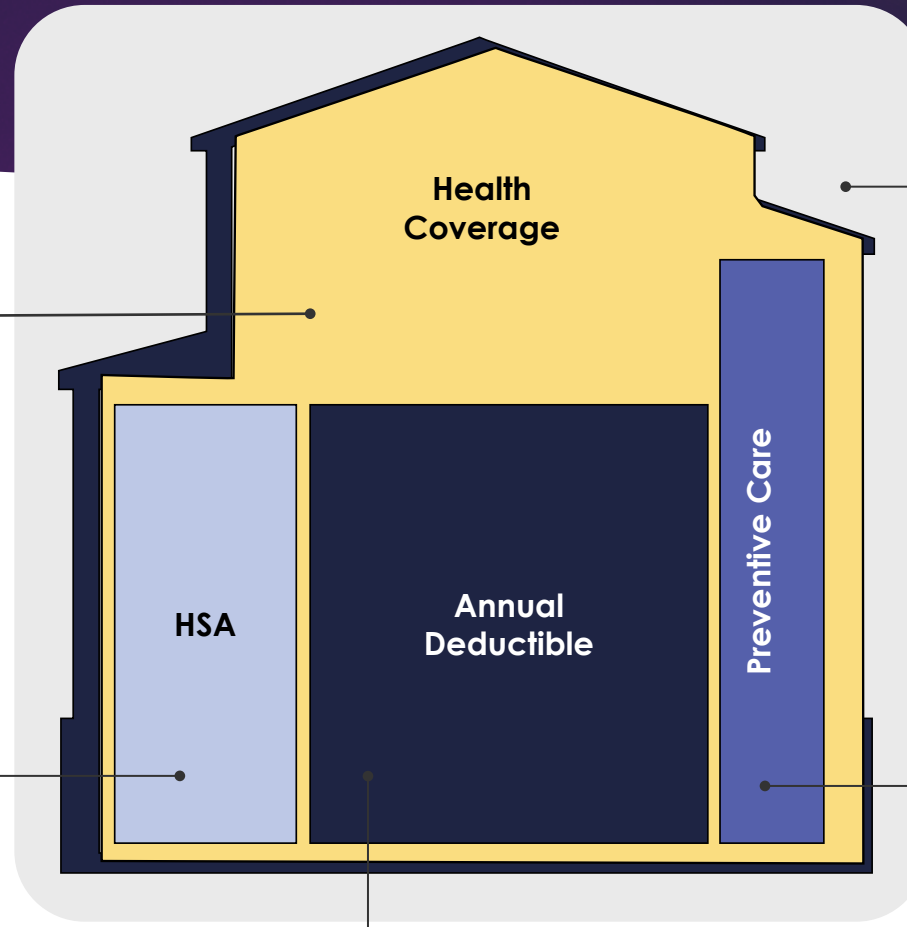


- ▶ High-deductible health plan that is considered HSA-qualified through CSEBO:
 - ▶ **Anthem CDHP PPO 90 and Anthem CDHP PPO 60**
 - ▶ **Kaiser CDHP DHMO 90 and Kaiser CDHP DHMO 60**
- ▶ Protects you from high costs by having an annual out-of-pocket maximum.
- ▶ Tax-free savings account for qualified medical, dental and vision expenses.
 - ▶ Option to reimburse expenses from the account.
- ▶ Works in conjunction with the HSA-powered plan.

CDHP & HSA PLANS

- Protects you from high costs
- **Coinsurance** similar to “traditional” plans
 - Percent of bill you pay after deductible is met
- **Out-of-pocket maximums** are in place for added peace of mind
 - Maximum you will pay for in-network services in a calendar year

- Option to reimburse from this account
- Receive tax-free interest earnings while your money remains in your HSA



- Resources and Tools
- Available via phone or web
- Health Coaches
- Cost / Quality Comparisons
- More...

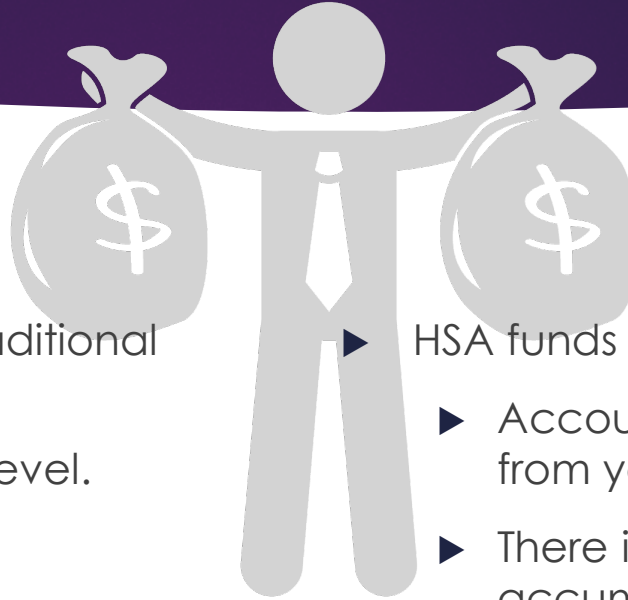
- Preventive Care covered 100% by your employer to provide incentive for use

- Amount that needs to be satisfied before health coverage begins
- Preventive care not subject to deductible

WHY CHOOSE A CDHP?

Save Now:

- ▶ CDHP premiums are typically lower than traditional health plans.
- ▶ HSA deposits are tax-free from the federal level.
 - ▶ You will pay state taxes in CA.
 - ▶ Contribution maximums set annually by the IRS.
 - ▶ Allows employees and employers to contribute to the account.
- ▶ **HSA withdrawals for qualified medical, dental or vision expenses are tax-free for the life of the account.**
 - ▶ Defined in IRC Section 213(d).
 - ▶ Penalties apply for non-qualified expenses under 65.



Save for the Future:

- ▶ HSA funds roll over year to year.
 - ▶ Accounts grow over time as unused funds roll over from year to year earning tax-free interest.
 - ▶ There is no cap to the amount you can accumulate in your account.
- ▶ **You own the account and the money, even if you change jobs or insurance plans.**
- ▶ Interest is earned tax-free, with diverse investment options once a \$2,000 balance is reached in the account.

HSA FUNDS FOR HEALTH INSURANCE PREMIUMS

Any Age:

- ▶ COBRA continuation coverage.
- ▶ Health insurance for individuals receiving unemployment compensation.
- ▶ Long-term care insurance.
 - ▶ Capped annually by the IRS based on age.

Over 65:

- ▶ Medicare Part A premiums (if applicable).
- ▶ Medicare Part B premiums.
 - ▶ Excludes Medicare Advantage or Medigap premiums.
- ▶ **Funds for non-qualified expenses can be withdrawn and taxed as ordinary income, without an additional penalty.**

CDHP PLANS

- Pay in full (less network discounts) for **all** services until plan deductible is met.
- Combined medical and Rx deductible & out-of-pocket maximum.
- Copays, deductibles and coinsurance can be paid pre-tax (even out-of-network providers).
- Retirement vehicle: accounts grow over time as pre-tax contributions and unused funds roll over from year to year, earning tax-free interest.

TRADITIONAL PLANS

- Same network, doctors and prescription drug coverage (either HMO or PPO).
 - Same pricing discounts for providers.
 - Once deductible is met, coinsurance applies until out-of-pocket maximum met.
 - Preventive care covered at 100% (when using in-network).
- Office visit and Rx copays apply before deductible is met; all other services, deductible applies.
 - Separate medical and Rx out-of-pocket maximums.
 - Copays, deductibles and coinsurance are paid after-tax.

HSA ANNUAL MAXIMUMS

IRS 2027 ANNUAL MAXIMUMS
JANUARY 1, 2027, THROUGH
DECEMBER 31, 2027

2027 HSA CONTRIBUTION MAXIMUMS

Tier	Under Age 55	Over Age 55
Individual:	\$4,500	\$5,500
Family (2 or more covered):	\$9,000	\$10,000

Total maximum contribution allowed in a calendar year of employee & employer contributions, if applicable.



TRANSITIONING TO A CDHP

HSA ELIGIBILITY REQUIREMENTS



**Health savings
account**

- ▶ Being eligible means that a person can make or receive contributions into a health savings account.

TO BE AN ELIGIBLE INDIVIDUAL, THE FOLLOWING REQUIREMENTS MUST BE MET:

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1. Cannot be claimed as a dependent.

- You cannot be claimed as a dependent on somebody else's tax return.

2. Must be enrolled in an HSA-qualified health plan.

- These plans are known as **high-deductible health plans (HDHP)**.
 - Anthem CDHP PPO 90
 - Anthem CDHP PPO 60
 - Kaiser CDHP DHMO 90
 - Kaiser CDHP DHMO 60

3. Must not be enrolled in other coverage.

- Includes Medicare or Medicaid.
- Additional health coverage that is **not** an HSA-qualified deductible plan.
 - **Including enrollment in a spouse's non-HSA-qualified plan as secondary coverage.**
 - Can have secondary coverage that is HSA-qualified.
- Includes full-purpose Flexible Spending Accounts (FSA).

PERMITTED INSURANCE COVERAGE WITH AN HSA

Accident
insurance

Dental
insurance

Vision
insurance

Specified
disease
coverage

Hospital
indemnity
insurance

Must pay a fixed
cost per day, per
admission, or other
period

Long-term
care
insurance

Disability
insurance

KEEPING TRACK OF HSA EXPENSES

The account holder is responsible for keeping track of HSA expenses.

- Not the employer's responsibility.
- Not the HSA administrator's responsibility.

Substantiation of claims is **not** required with an HSA.

- Unlike an FSA when the account administrator is responsible for ensuring all dollars reimbursed are for eligible expenses.

No receipts are due to the IRS unless audited.

CLAIM EXAMPLES

BEFORE AND AFTER
DEDUCTIBLE

ANTHEM ADVANCED IMAGING EXAMPLE: BEFORE PLAN DEDUCTIBLE MET

PPO 90

- Member self-refers to specialist office visit, total billed to plan: \$155.
 - Member pays provider **\$10** specialist copay; plan pays rest.
- CT of lower limb with contrast, total billed to plan: \$320.
 - Member pays provider **\$320**.
- **Total Member Cost Share: \$330**

PPO 80

- Member self-refers to specialist office visit, total billed to plan: \$155.
 - Member pays provider **\$30** specialist copay; plan pays rest.
- CT of lower limb with contrast, total billed to plan: \$320.
 - Member pays provider **\$320**.
- **Total Member Cost Share: \$350**

CDHP PPO 90

- Member self-refers to specialist office visit, total billed to plan: \$155.
 - Member pays provider **\$155** with pre-tax dollars in HSA.
- CT of lower limb with contrast, total billed to plan: \$320.
 - Member pays provider **\$320** with pre-tax dollars in HSA.
- **Total Member Cost Share: \$475**

ANTHEM ADVANCED IMAGING EXAMPLE: AFTER PLAN DEDUCTIBLE MET

PPO 90

- Member self-refers to specialist office visit, total billed to plan: \$155.
 - Member pays provider **\$10** specialist copay; plan pays rest.
- CT of lower limb with contrast, total billed to plan: \$320.
 - Member pays provider 10% coinsurance for total billed: **\$32**; plan pays rest.
- **Total Member Cost Share: \$42**

PPO 80

- Member self-refers to specialist office visit, total billed to plan: \$155.
 - Member pays provider **\$30** specialist copay; plan pays rest.
- CT of lower limb with contrast, total billed to plan: \$320.
 - Member pays provider 20% coinsurance for total billed: **\$64**; plan pays rest.
- **Total Member Cost Share: \$94**

CDHP PPO 90

- Member self-refers to specialist office visit, total billed to plan: \$155.
 - Member pays provider 10% coinsurance for total billed: **\$15.50** with pre-tax dollars in HSA; plan pays rest.
- CT of lower limb with contrast, total billed to plan: \$320.
 - Member pays provider 10% coinsurance for total billed: **\$32** with pre-tax dollars in HSA; plan pays rest.
- **Total Member Cost Share: \$47.50**

KAISER ADVANCED IMAGING EXAMPLE: BEFORE PLAN DEDUCTIBLE MET

Kaiser HMO 10

- Member is referred to specialist office visit, total billed to plan: \$145.
 - Member pays provider **\$10 office visit copay**.
- CT of abdomen and pelvis, total billed to plan: \$515.
 - No charge; plan pays in full.
- **Total Member Cost Share: \$10**

Kaiser CDHP DHMO 90

- Member is referred to specialist office visit, total billed to plan: \$145.
 - Member pays provider **\$145** with pre-tax dollars in HSA.
- CT of abdomen and pelvis, total billed to plan: \$515.
 - Member pays provider **\$515** with pre-tax dollars in HSA.
- **Total Member Cost Share: \$660**

Kaiser CDHP DHMO 60

- Member is referred to specialist office visit, total billed to plan: \$145.
 - Member pays provider **\$145** with pre-tax dollars in HSA.
- CT of abdomen and pelvis, total billed to plan: \$515.
 - Member pays provider **\$515** with pre-tax dollars in HSA.
- **Total Member Cost Share: \$660**

KAISER ADVANCED IMAGING EXAMPLE: AFTER PLAN DEDUCTIBLE MET

Kaiser HMO 10

- Member is referred to specialist office visit, total billed to plan: \$145.
 - Member pays provider **\$10 office visit copay**.
- CT of abdomen and pelvis, total billed to plan: \$515.
 - No charge; plan pays in full.
- **Total Member Cost Share: \$10**

Kaiser CDHP DHMO 90

- Member is referred to specialist office visit, total billed to plan: \$145.
 - Member pays provider 10% coinsurance for total billed: **\$14.50** with pre-tax dollars in HSA; plan pays rest.
- CT of abdomen and pelvis, total billed to plan: \$515.
 - Member pays provider 10% coinsurance for total billed: **\$51.50** with pre-tax dollars in HSA; plan pays rest.
- **Total Member Cost Share: \$66**

Kaiser CDHP DHMO 60

- Member is referred to specialist office visit, total billed to plan: \$145.
 - Member pays provider **\$50 office visit copay**; plan pays the rest.
- CT of abdomen and pelvis, total billed to plan: \$515.
 - Member pays provider 40% coinsurance for total billed: **\$206** with pre-tax dollars in HSA; plan pays rest.
- **Total Member Cost Share: \$256**

RESOURCES



IRS Publication 969:
HSA and Other Tax-
Favored Health
Plans

<https://www.irs.gov/publications/p969>



IRS Publication 502:
Medical and
Dental Expenses

<https://www.irs.gov/publications/p502>



HealthEquity

<https://www.healthequity.com/>



Kaiser Permanente
HSA

<https://info.kaiserpermanente.org/html/deductibleplans/manageyourhsa.html?#top>
http://kp.visualcalc.com/kp_tft/kp_tft.jsp?region=SCA



**CSEBO Uniform
Glossary**

www.csebo.net/Resources/Uniform-Glossary

Questions?

CALIFORNIA SCHOOLS EMPLOYEE BENEFITS ORGANIZATION
(CSEBO)