

Oxford Board of Education Consumer Directed Health Plan/H S A Frequently Asked Questions Provided by CBC

What is a Consumer Directed Health Plan?

OXFORD BOE is offering a Consumer Directed Health Plan (CDHP). The CDHP will have two distinct components; a High Deductible Health Plan (HDHP) and a Health Savings Account (H S A).

An H S A is a tax-advantaged savings vehicle for funding qualified health care expenses. Deposits to an H S A are deductible from income. Amounts withdrawn for qualified health expenses are not subject to income tax. H S A's are regulated by the IRS and the Department of Treasury.

In OXFORD BOE's case, the current HDHP is a PPO plan with a \$1,500 single deductible and a \$3,000 family deductible. Under OXFORD BOE's plan, In-Network Preventive Care services will not be subject to the deductible and will be covered 100%. Dental services will remain on a standalone basis.

Please note: the term "H S A" and "CDHP" are both used interchangeably to commonly represent both the medical plan with deductibles and the bank account. While this is commonly accepted and understood, the term H S A technically refers to only the bank account portion of the plan. For purposes of this document, the term H S A will be used in the technical format and will refer to the Health Savings Bank Account. The term CDHP will be used in reference to the combined medical plan with deductibles and the bank account.

How much will OXFORD BOE contribute to my Health Savings Account?

For an active employee OXFORD BOE has committed to contribute 100% of the annual deductible. The H S A PPO plan has an annual single deductible of \$1,500 and an annual family deductible of \$3,000.

How much can I contribute to the Health Savings Account?

Active employees can contribute any amount they choose as long as total combined (employer and employee) deposits do not exceed the Federal Maximum H S A Deposit Limits. For 2009 the Federal Maximum H S A Deposit Limit is \$3,000 per Individual and \$5,950 per Family.

Do I have to make a contribution?

No, Individuals are not required to make any contributions into their H S A. Please consult banking materials or the Anthem representative for account fees and requirements.

Can others make contributions on my behalf?

In addition to yourself and OXFORD BOE, other individuals may make contributions into your H S A. Such additional contributions are subject to the stated limits. Please consult the Banking Materials for contribution methods available to individuals and your tax advisor for tax advice.

Are there fees associated with the H S A Bank Account?

Yes, as with many bank-established accounts, there are account set-up fees and maintenance fees. Additional fees may also apply depending how you decide to use your H S A Bank Account.

Who “owns” the funds in the H S A?

Any funds in the H S A, including the funds contributed by OXFORD BOE, are owned by the member. Unused balances may be rolled over to subsequent plan years.

How do I access funds in my H S A?

You will have access to funds in your H S A via a Debit Card and a check book. Refer to banking materials for any applicable banking fees.

What can H S A funds be used for?

H S A funds can be used for qualified medical expenses (as defined by the IRS) on a tax free basis. Qualified medical expenses include both services covered by your Medical Plan portion of your CDHP as well as other qualified expenses outside of the Medical Plan.

You may also use your H S A funds for non-qualified expenses however those funds will be subject to tax and penalty. (10%)

If 65 years or older and H S A funds are used for non-qualified expenses, the penalty is waived and those funds will be subject only to tax.

As the “owner” of the account it is the member’s responsibility to substantiate H S A expenditures in the event of an IRS audit.

What expenses go towards my HDHP Deductible?

Only those services covered by and reimbursable under the Medical Plan portion of your CDHP will accumulate towards the deductible.

If I incur qualified medical expenses am I required to use the money in my H S A?

There is no requirement to use the monies in your H S A for your qualified medical expenses. Monies in your H S A account are owned by you and will roll over annually.

At a future date you may decide to reimburse yourself with H S A funds for qualified expenses that were incurred after your initial enrollment date in the H S A PPO plan. Please consult your tax advisor for tax advice.

I am used to seeing deductibles and coinsurance stated as Single/Two Person/Family, but now I only see Single/Family. What happens if I have a Two Person policy?

For purposes of the H S A PPO, deductibles and coinsurance are set as a Single or Family only. Two Person contracts will be subject to the Family deductible and coinsurance levels. A Two Person policy is also allowed total H S A contributions (employer and employee combined) not to exceed 100% of the Federal Family Limit.

Note: Monthly Premium Rate Contributions will continue to reflect Single/Two Person and Family.

How does the Family Deductible work?

For purposes of the H S A PPO, the full family deductible must be met before the health plan assumes any coverage. Anthem will not provide coverage until one or any combination of family members incurs deductible expenses equal to \$3,000.

Do we have separate In and Out-of-Network Deductibles?

No, the deductible can be met with any combination of In and Out-of-Network services.

Prior to meeting my deductible, am I paying the full provider price or Anthem's negotiated discount?

For In-Network services, Anthem H S A PPO members are provided with the Anthem network negotiated discounted pricing. Out-of-Network providers are not required to comply with Anthem's negotiated pricing schedules and member reimbursement will be subject to Anthem's approved pricing.

What services are covered as preventive and not subject to the medical plan deductible?

Annual In-Network preventive exams including screenings, immunizations and other services to detect medical conditions in advance. Screening examples include: Cholesterol screenings, Preventive Colonoscopy, Preventive Mammography. See Anthem Materials for a more complete listing.

Note: Screenings (i.e. Colonoscopy and Mammography) performed for diagnostic purposes (when symptoms present) would apply to the plan deductible and coinsurance.

Note: Out-of-Network preventive services are subject to the plan deductible and coinsurance.

How are prescription drug claims processed?

Prescription drugs are subject to the annual deductible. In-Network pharmacies will process the claim at point of sale; the member will be allowed to pick up a 30 day supply at a retail pharmacy or a 90 day supply via mail order. If the member has not yet met the annual deductible, the cost of the prescription (up to the annual deductible) will be required before the prescription will be dispensed. If the deductible has been met the member will receive the prescription by only paying the applicable copay which is \$5 Generic/\$25 Listed Brand/\$35 Non-Listed Brand. The member will continue paying the applicable copay once the deductible has been met up to \$900 for an Individual or \$1,800 for a Family before Anthem will pay at 100%. All prescription and medical claims rendered once the deductible has been met will be applied to the noted maximum.

Out-of-Network claims must be submitted to Anthem by the member for processing and are subject to Anthem's approved pricing.

If I elect the CDHP plan, can I also be covered by another traditional (non-HDHP) plan (e.g. my spouse's copay PPO plan)?

You cannot be covered by any other medical plan that is not and H S A compatible health plan. This would include being enrolled in your spouse's plan as secondary coverage, or an executive medical plan.

While there are no regulations that limit your ability to have dual coverage with the HDHP, Federal regulations will not allow tax advantaged contributions into an H S A if you have any coverage that does not meet the HDHP requirement. For 2009, qualified HDHP's must have an annual single deductible of \$1,150 and an annual family deductible of \$2,300.

Note: Contributions to an H S A while enrolled in a qualified HDHP are owned by the individual and can be used in the future regardless of you or your dependents health plan status.

Additionally, you can use monies in your H S A for dependents even if they are covered under a non-qualified Health Plan. Potential tax and penalties could apply if used for non-qualified expenses.

The rules above apply to Health and Drug coverage only; Dental coverage is allowed and is not required to meet the HDHP requirement.

I am on Medicare or will be eligible for Medicare:

Medicare coverage would constitute other non-HDHP coverage and thus make the member ineligible to make contributions to an H S A.

Unused H S A funds contributed prior to Medicare enrollment may still be used tax free to pay for qualified medical expenses.

Unused H S A funds contributed prior to Medicare enrollment may still be used for non-qualified expenses. Tax would apply but the penalty is waived for those over 65 years of age.

Non cert and cert non-medicare eligible retirees alike will be allowed to enter into the H S A or the PPO. This plan will be at the full cost to the participant/retiree.