Finding Your Way

Qualified High Deductible Health Plan
What is a deductible?

- The amount you owe for health care services (that your health insurance or plan covers) before your health insurance or plan begins to pay.

- For example, if your deductible is $1,500, your plan won’t pay anything until you’ve met your $1,500 deductible for covered health care services subject to the deductible.
Qualified High Deductible Health Plan (QHDHP)

What makes a plan a QHDHP?

- The IRS sets limits for the minimum annual deductible:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>$1,300</td>
</tr>
<tr>
<td>Family limit</td>
<td>$2,600</td>
</tr>
</tbody>
</table>

IRS limits are subject to change annually
Qualified High Deductible Health Plan (QHDHP)

What makes a plan a QHDHP?

- With the exception of preventive services, the deductible applies to covered medical services and prescription drugs.

- Deductibles are non-embedded. This means the family deductible must be met by one or more family members for benefits to begin. The individual deductible can only be met by those who enroll in Employee-Only coverage.
What do you need to know?

- Your provider network does not change. You have the same access to doctors and hospitals that you have today.
- The covered services on your health plan will not change.
- Your payments are based on the Blue Cross network-negotiated discounts. The discounted rate for all in-network medical services and prescription drugs is the member’s responsibility until the deductible is satisfied.
- You can establish a Health Savings Account (HSA).
Health Savings Account
What is a Health Savings Account?

- This is a medical savings account set up and used to pay for eligible medical expenses.
- Contributions can be made by both you and your employer.
- Your contributions can be taken directly from your paycheck before taxes and deposited into your account.
- Balances carry forward from one year to the next, and the account belongs to you.
Health Savings Account (HSA)

What are the tax advantages to an HSA?

- Contributions to an HSA are tax deductible.
- Interest earned or investment gains in an HSA are not taxable.
- Withdrawals from an HSA for eligible expenses are not taxable.

*Withdrawals for non-medical expenses are subject to income taxes and an additional penalty if age 65 or under.*

*HSAs must be coupled with a qualified high-deductible health plan.*
Health Savings Account (HSA)

How much can you contribute to an HSA?

- The IRS sets limits for the maximum annual contribution:

  | Individual limit | 2016 | $3,350 |
  | Family limit     |      | $6,750 |

- Individuals 55 or older may be eligible to make an additional catch-up contribution of $1,000 per year.

- The contribution limit applies to the sum of employer and employee contributions.
Health Savings Account (HSA)

Who can have an HSA?

- To be an eligible individual and qualify for an HSA, you must meet the following requirements:
  - You must be covered under a qualified high deductible health plan, on the first day of the month.
  - You have no other health coverage except a qualified high deductible health plan.
  - You are not enrolled in Medicare or TRICARE.
  - You cannot be claimed as a dependent on someone else's most recent tax return.
Are there other limitations to when you can have an HSA?

- If you are covered by a general purpose medical flexible spending account (FSA) or a health reimbursement arrangement (HRA) that pays for or reimburses eligible medical expenses, then you cannot make contributions to an HSA.

- You cannot make contributions to an HSA if your spouse has a general purpose medical FSA or a HRA that pays for or reimburses eligible medical expenses which would cover your expenses as a dependent.

- You can be covered by a limited purpose FSA or HRA.
Health Savings Account (HSA)

When can you use money from your HSA?

- You can use money from your HSA for qualified medical expenses.
- Qualified medical expenses are those incurred by the following persons:
  o You and your spouse.
  o All dependents you claim on your tax return.
  o Any person you could have claimed as a dependent on your return except that:
    a. The person filed a joint return,
    b. The person had gross income of $3,950 or more, or
    c. You, or your spouse if filing jointly, could be claimed as a dependent on someone else’s tax return.
When can you use money from your HSA? (continued)

- In addition to your deductible expenses under your QHDHP, you can be reimbursed for other current and future qualified medical expenses from your HSA. Expenses incurred before you establish your HSA are not qualified medical expenses.

- IRS Publication 502 provides additional information on qualified medical expenses.
Highmark Blue Cross
Blue Shield
QHDHP and HSA

What can you expect next?

- New ID cards from Highmark Blue Cross Blue Shield
- Bank of America - HSA account opens automatically
- OFAC check takes place
- Bank of America - Welcome Kit and Debit Cards
- HSA funding may take a week
- Visit the Highmark Blue Cross Blue Shield website
- Investment options are available if your HSA balance exceeds $500
What do you need to do once your account is established?

- Add a beneficiary to your HSA
- Sign up for direct deposit from your HSA
- Authorize to have Highmark pay providers on your behalf
- Determine how you want to pay deductible claims
  - Debit card
  - Direct payment to provider from your HSA
  - You pay and get reimbursed from your HSA via check or direct deposit
Welcome
to your new member home page

Take a look around! You're going to see a lot of changes. If you want, we can highlight a few things you might be looking for.

Check back often for more updates.

Jane Doe

Member Information
HDHP PRO BLUE

Member ID
1234567891011

Group
12345678

Other member information >>
ID Card >>
Coverage summary >>

0 NEW CLAIM(S) since your last Claims visit
Review claims >>

SPENDING ACCOUNT
You have 2 alert(s)
Check your account >>

HEALTH CARE TOOLS
Use our health tools to help manage costs and plan for your care.

FIND A PROVIDER
PRESCRIPTION SERVICES
CARE COST ESTIMATOR

WELLNESS PROGRAMS
These wellness programs can help you stay healthy and save money.

MEMBER DISCOUNTS
REWARDS PROGRAM
WELLNESS PROFILE
Questions