



# The plan that gives you more...

The Anthem HDHP with H.S.Aplan is a high deductible health plan that gives you:

- More money in your paycheck from lower monthly premiums
- More ways to reduce taxes with a tax-free health savings account (HSA)
- More flexibility in how you choose and pay for healthcare services
- More opportunities to build long-term healthcare and retirement savings



# HDHP at a glance

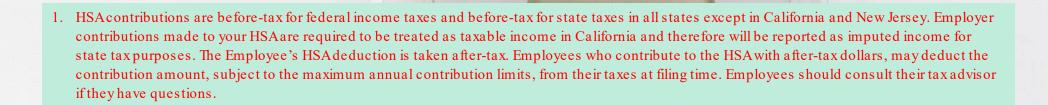
- Lower bi-weekly premiums than our other medical plans
- Higher deductible
- Free in-network preventive care
- Comprehensive medical and prescription drug coverage
- Use tax-free health savings account (HSA) to offset deductible

When you enroll in the HDHP, you get a health savings account (HSA) that is funded with contributions from County of Merced. Employees also have the option of contributing to their HSA.

This is important because with the HDHP you pay for 100% of all medical costs (except preventive care) until you reach the annual deductible.

You can use the money in your HSA for your deductible and any other eligible medical expenses you have throughout the year or any time in the future.

Your HSAbalance never expires—there's no "use it or lose it" rule. You keep the account even if you leave the County, and any balance earns interest.





- Preventive care is a no-brainer. Keep up with your annual checkups without worrying about the cost, since preventive care is fully covered in-network.
- Use your HSA for many different health expenses: regular office visits, prescriptions, lab tests, acupuncture, chiropractic adjustments, even dental care, glasses and contacts.
- You don't have to spend your HSA. If you'd rather save your HSA for a potential large expense down the road, feel free to pay small medical costs from your bank account. If you change your mind, you can always get reimbursed from your HSA later.
- Your HSA gives you flexibility to visit any doctor, hospital or lab of your choice, even out-of-network providers.
- You can shop around. Healthcare is like any other purchase. If you have the time, it pays to shop around for the best quality and price.



# Your HSAboosts your retirement savings plan

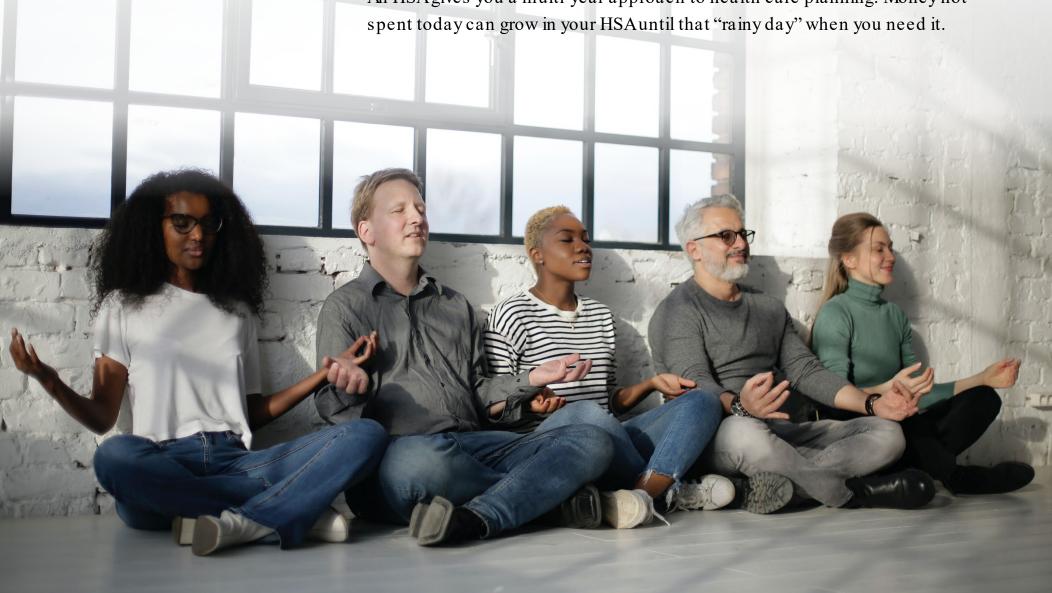


- Your HSA is your long-term health fund. The balance rolls over year after year so you can use it for healthcare expenses 30 days or 30 years from now.
- Your HSA is a smart addition to your retirement savings plan. Your post-retirement healthcare spending will be tax-free when you use your HSA. And after age 65, you can use HSA dollars for non-health expenses too (subject to ordinary income tax).
- You can invest your account balance. After you reach a minimum balance, you can invest your funds, just like a 401(k) or IRA. You have a number of investment options to choose from.



The HSA takes into consideration the fluctuations most people have in their health care needs. One year you might visit the doctor only for your annual checkup. Another year, you might make several trips to the doctor or even need surgery.

An HSA gives you a multi-year approach to health care planning. Money not spent today can grow in your HSA until that "rainy day" when you need it.





# How much can you contribute to an HSA?



Allowable HSA contributions (per year)



In addition to the company contribution, you can contribute money to your HSA, up to the total annual amount allowed by the IRS. If you're 55 or older, you can contribute \$1,000 more each year.

# Plan Highlights HIGH DEDUCTIBLE HEALTH PLAN

Preventive Care

PLAN PAYS 100% (In-network)

YOU PAY 100% (\$1,650 Employee Only / \$3,900 Family)

Before Meeting Deductible

When more than a single person is enrolled, the per person deductible does not apply and the family deductible must be met by any one person or collection of persons, but each is capped at his or her per person out-of-pocket maximum for covered services applied to the family deductible.

After Meeting Deductible

YOU PAY 10%

PLAN PAYS 90%

After Meeting Out-of-Pocket
Max

PLAN PAYS 100% (After \$4,000 Employee Only / \$8,000 Family) OOP Max for any one individual enrolled in family coverage is \$4,000

Your copays, coinsurance, and deductible count toward your out of pocket amount(s).

Refer to your enrollment materials for additional materials plan details

# Can we talk about the ELEPHANT in the room?



# It all comes back to the HSA

At first, many people have deductible "sticker shock," but many features of the HDHP partially or completely offset your deductible and other healthcare costs:

- You pay less in premiums, allowing you to use the money you save for other things, including funding your HSA.
- County of Merced helps you cover your deductible with contributions to your HSA.
- The IRS sets a generous annual limit on how much you can contribute to your HSA.
- You get significant tax benefits. HSA contributions, withdrawals and earnings are free from federal tax. (A few states tax HSA contributions or earnings.)
- Your HSAbalance rolls over every year. What you don't spend continues to grow, with interest.





## Candace: Healthy Single Woman

Candace's costs were very low throughout the year. She had her annual checkup (fully covered), and she got an ankle brace after a minor sprain. She did not meet her deductible.

	\$1,650	HSA deposit from County of Merced
+	\$2,000	Candace's HSA contributions
_	\$3,650	Total HSA Deposits
_	\$500	Urgent care and ankle brace
=	\$3,150	HSAbalance rolls over to next year

## Seth: Family Man

Seth covers his whole family. They visited the doctor often because life happens! Even though his family's expenses were higher, he did not meet his deductible.

	\$2,600	HSAdeposit from County of Merced
+	\$5,500	Seth's HSAcontributions
=	\$8,100	Total HSA Deposits
-	\$2,400	Sniffles, sneezes & fevers
=	\$5,700	HSAbalance rolls over to next year



### Andre: A Little Too Sick at the Skate Park

Andre usually nails a kick flip, but this weekend he wiped out hard. His knee surgery exceeded his deductible. Here's how his health plan benefits (employee-only coverage) and HSA worked together to cover his costs.

HDHP Plan Benefits		HSAUsage			
	\$1,650	Andre's in-network deductible		\$1,650	HSAdeposit from County
+	\$500	Andre's additional	_		of Merced
	coinsurance costs	+	\$2,000	Andre's HSA contributions	
=	\$2,150	Andre's total out-of-pocket	=	\$3,650	Total HSA Deposits
+	\$4,100	Covered by insurance	-	\$2,150	Paid for medical costs
=	\$6,250	Total knee surgery cost	=	\$1,500	HSAbalance



# Common Eligible Expenses

- Acupuncture
- Alcoholism treatment
- Ambulance
- Artificial limb
- Birth control pills
- Blood pressure monitoring device
- Breast pumps and related

- supplies
- Chiropractic care
- Dental treatment
- Dentures
- Diagnostic services
- Drug addiction treatment
- Eye examination, eye glasses, reading glasses, contacts
- Family planning items
- Fertility treatment
- Hearing aids
- Hospital services
- Immunization

- Insulin and diabetic supplies
- · Laboratory fees
- Laser eye surgery
- Medical testing devices
- Menstrual care products
- Nursing services
- Obstetrical expenses
- Orthodontia (not cosmetic)
- Oxygen
- Physical therapy
- Prescription drugs
- Psychiatric care
- Smoking cessation program

- and medications
- Surgery
- Telehealth services
- Transportation for medical care
- Wheelchair, walkers, crutches and canes

Many over-the-counter products are HSA-eligible, including things like allergy medicines and feminine hygiene products. Look for a more comprehensive list on the HSA administrator website.



# HSA Eligibility Rules

#### For You

To be eligible to make deposits to an HSA:

- You must currently be enrolled in an HDHP.
- You may not be enrolled in any other non-HDHP health coverage, except for accident, disability, dental or vision, or long term care coverage.
- You may not have a general purpose flexible spending account (FSA) or be eligible to use one (such as a spouse's FSA). Limited purpose FSAs, which cover dental and vision expenses only, are allowed.
- You cannot be claimed as a dependent on another person's tax return.
- You may not be enrolled in Medicare, Medicaid or Tricare.

#### For Your Adult Dependents

- Your HSAmay be used to pay for eligible expenses for you and for your legal tax dependents (people listed on your federal income tax return).
- While you can cover dependent children on your health plan up to age 26, this does not extend to HSAspending. When your adult child is no longer a tax dependent, any HSA distributions for the child would be subject to taxes and penalties.
- If you cover your Domestic Partner on the HDHP, you may each set up an HSA and contribute the full family amount (assuming you are HSA-eligible). However, you may not use your HSA for your partner's expenses (and vice versa).

#### Nonqualified Medical Expenses

If you use your HSA for a nonqualified medical expense, you may owe taxes plus a 20% tax penalty on that amount. If you are age 65 or older or disabled at the time, you just pay your regular tax rate but no penalty on nonqualified withdrawal amounts.

#### Keeping Records

Keep all your receipts for your HSA transactions for at least three years. This proves that you used your funds for qualified medical expenses and provides documentation in case you are audited by the IRS.

#### State Taxes

Most states treat HSA contributions and earnings on a tax-favored basis, just like federal. California and New Jersey do not exclude HSA contributions from income. Contact your tax adviser or HSA administrator for additional information on taxes in your state.

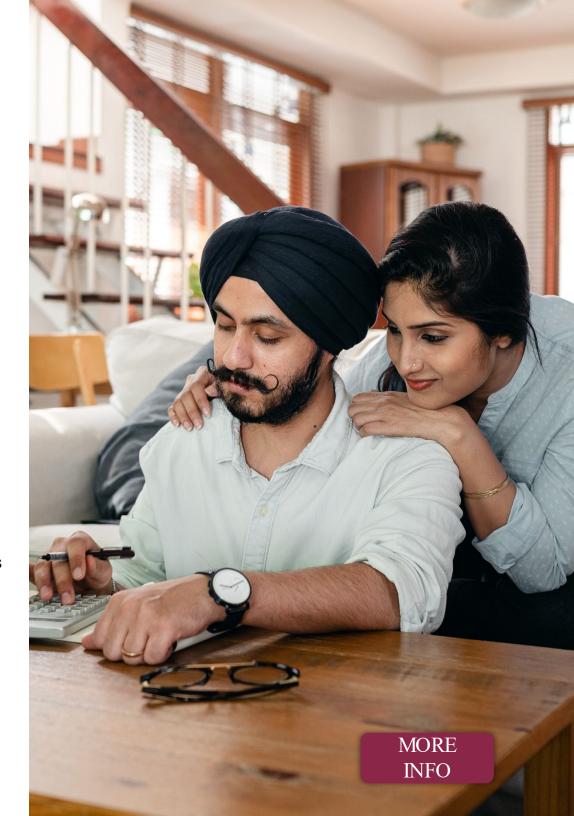
#### **Excess Contributions**

If you contribute over the IRS limit in one year, you will have to pay tax plus 6% on the excess. To avoid additional taxes, you can withdraw the excess amount before the April 15 tax filing deadline or direct the excess toward the next year's contributions.

#### **HSABeneficiaries**

If you name your spouse as your HSAbeneficiary, your spouse will inherit your account and it will become your spouse's HSA. If your beneficiary is not your spouse, the account will no longer be considered an HSA and becomes taxable to the beneficiary.

Consult a tax adviser for guidance on how these rules may affect you.



# Helpful Online Resources

Click below for additional online resources.



High Deductible Health Plan



