

Frequently Asked Questions Regarding the Consumer-Driven High Deductible Health Care Plan

Q: How will the Consumer-Driven Health Plan (CDHP) work?

A: The CDHP is comprised of two components: (1) a Qualified High Deductible Plan*, which is the health insurance plan itself, and (2) a funding source in the form of a Health Savings Account (HSA) or Health Reimbursement Account (HRA), depending on your specific situation.

*First, the employee/their family will be responsible for all medical and prescription costs (which are discounted through the plan) up to a maximum “deductible.” Then the employee/family will pay 10% “coinsurance” of any medical costs and tiered prescription costs up to a total out-of-pocket maximum. Once the out-of-pocket maximum is met, the plan will pay 100% for the balance of the plan year (July through June).

Q: If I use out-of network providers, how does that effect my in-network deductible?

A: Using out-of-network providers will have no effect on your in-network deductible; these are two separate deductibles. If you use an out-of-network provider, the expenses will only apply to your out-of-network deductible.

Q: How will I know if my doctor is in-network or out-of-network?

A: Visit www.highmarkbcbs.com and click the Find a Doctor or Rx tab at the top of the page. Complete the form to enter your specifications. Alternatively, you can contact Health Advocate at 866-695-8622 for assistance with finding in-network doctors.

Q: Should I pay at the time of service?

A: No, you should show your Highmark BC/BS membership card to your provider at the time of service. The provider will submit your claim and you will receive an EOB (Explanation of Benefits) from Highmark BCBS. The provider will receive a similar notice and will then be able to know how much to charge you. The provider will bill you for those services. For pharmacy benefits, there is an exception. They will have “real-time” access and will be able to charge you at the time of service for your scripts.

Q: I understand the College will help me with the deductible. How will they do that?

A: During the 2016/17 and 2017/18 plan year, the College will contribute a specific amount to an HSA (Health Savings Account) or HRA (Health Reimbursement Account). These accounts are used to help you pay the deductible and any additional co-insurances/copays or out-of-pocket medical expenses you

incur. The amounts for 2016/17 are \$950/Individual and \$1900/Family. For 2017/18, they will be \$650/Individual and \$1,300/Family.

Q: What if I want to contribute more to my HSA above and beyond what Penn College will contribute?

A: Employees can make additional contributions to their HSA via payroll reductions OR directly on their own from their own bank account either by sending a check to the HSA vendor or by arranging direct deposit from their bank account to be sent directly to the HSA vendor. The amount of this contribution, if done on an after-tax basis, can be then claimed as a tax-deduction on their taxes when they are later filed.

Q: I understand that I may not qualify for an HSA. What are my alternatives?

A: If you do not qualify for an HSA, you will be able to participate in an HRA. An HRA can only accept funds from the employer. Penn College will make the same contributions to an HRA as they will be doing to the HSA. However, the employee will not be able to contribute to the HRA on their own.

Q: How do I know if I qualify or not for an HSA?

A: The IRS sets the rules for who can qualify for an HSA. If you fall under the following circumstances, you do NOT qualify for an HSA: 1) Covered under another NON-High Deductible plan. 2) Claimed as a dependent on another person's tax return. 3) Enrolled in Medicare. 4) Spouse is enrolled in a general-purpose FSA (non-HDHP).

Q: What are the limits to the amounts of contributions made to an HSA?

A: The IRS sets annual limits to HSA contributions. These limits change from year to year. For 2016/17, they are \$3,350 for Individuals and \$6,750 for Families. For subscribers over 55, an additional \$1,000 can be contributed. These limits INCLUDE what the College contributes.

Q: How will I know which medical expenses are eligible for HSA/HRA use?

A: Visit <http://www.irs.gov/publications/p502/index.html>

Q: How do I know which family members can use my HSA/HRA funds?

A: You can use the account for medical expenses for your spouse and any dependents who can be claimed on your taxes for the year in which the expenses are incurred. In some cases, older children may not be able to be claimed on your taxes (so they would not be able to utilize the HSA/HRA), but they would still be covered by the health insurance plan itself if under age 26.