



# Is a Consumer-Driven Health Plan with a Health Savings Account (HSA) Right for You?

## THE CONSUMER DRIVEN HEALTH PLAN (CDHP)

### WHAT IS A CONSUMER DRIVEN HEALTH PLAN?

A Consumer Driven Health Plan (CDHP) is designed similar to a traditional PPO plan, but with a higher deductible and lower weekly premiums. Preventive care is covered 100 percent, even if you haven't met your deductible. With a CDHP, members pay their medical and prescription costs—and those of their dependents—either out-of-pocket or with funds from a Health Savings Account (HSA).

If you are a member of a CDHP, you will pay full price for office visits, labs, prescriptions and medical procedures that are not considered preventive until the deductible has been reached. In other words, the annual deductible must be met before plan benefits are paid for services other than in-network preventive care services, which are covered 100 percent.

Once you have met your deductible, the plan pays 80 percent for in-network services and 50 percent for out-of-network services for eligible expenses. Once you reach the out-of-pocket maximum, the plan will pay 100 percent of eligible expenses.

### DEDUCTIBLE AND OUT-OF-POCKET MAXIMUMS

The deductible for the Aerospace CDHP for 2018 will be \$1,500 for an individual and \$3,000 for a family. The total out-of-pocket maximum for 2018 is \$3,300 per individual and \$6,600 per family.

## THE HEALTH SAVINGS ACCOUNT (HSA)

### WHAT IS A HEALTH SAVINGS ACCOUNT?

If you enroll in a CDHP, Anthem will establish an IRS-qualified Health Savings Account (HSA) that you can use to help you pay your medical costs. Essentially, this is a pre-tax savings account you establish to cover your healthcare expenses. Due to federal regulations, the HSA is only available to those enrolled in the CDHP and not in other health plans.

By enrolling in the CDHP during Open Enrollment, Aerospace will make a seed contribution to your HSA of \$750 for an individual and \$1,500 for an employee plus dependent(s).

### HOW DOES THE HSA WORK?

HSA money is available to withdraw for eligible medical expenses at any time. A debit card, provided by Anthem, can also be used to pay at the point of care, provided there is a sufficient balance in the account. Claims paid out-of-pocket may be reimbursed through your HSA.

Funds can also be retained in your HSA to use for medical care later in life. This money is never taxed federally if it's being withdrawn to pay for qualified medical expenses, even if the HSA owner is no longer covered by a CDHP at the time of the withdrawal.

More information about Health Savings Accounts can be found on [IRS Publication 969](#).

### CONTRIBUTION MAXIMUMS

In 2018, the maximum amount that can be contributed to your HSA (including company contributions) will be \$3,450 for individuals or \$6,900 for families. Those 55 or older can contribute an extra \$1,000 a year.

This year, Aerospace will make a contribution of \$750 for an individual and \$1,500 for an employee plus dependent(s). Anthem will send you information about your HSA after you enroll.

## **CAN I INVEST MY HSA FUNDS?**

Yes. The money in your HSA is in an interest bearing account. If you have at least \$1,000 in your account you can invest it in certain mutual funds available through the HSA carrier.

You will also have the option to enroll in a limited purpose flexible spending account (LPFSA) to cover dental and vision expenses. The 2018 LPFSA annual maximum is \$2,600.

## **ADVANTAGES OF CDHP WITH A HSA**

- Lower weekly premiums than a traditional PPO
- Greater control over your health care dollars
- Tax advantages: Money deposited into your HSA is federally triple tax-advantaged: Contributions, earnings, and withdrawals made for qualified medical expenses are tax-free
- Aerospace will provide a contribution this year to establish your HSA
- HSA contributions are yours and any unused funds roll over from year to year (unlike a Flexible Spending Account); if you change plans and leave Aerospace, your HSA balance goes with you
- Preventive care continues to be covered at no cost to you
- Like a traditional PPO, you have access to both in-network and out-of-network providers
- HSA funds can be used for eligible expenses incurred by you, your spouse, and all eligible dependents claimed on your tax return
- Anyone can contribute to your HSA while you are enrolled in a CDHP, including family members and non-family members, but only you will be qualified to claim the tax deduction

## **DETERMINING WHAT'S RIGHT FOR YOU**

More information will be available during Open Enrollment, which takes place Nov. 1 – 15, 2017. You will also have access to an online tool that can help you determine which Anthem plan may be the best choice for you and your family.