



THE 2024

EASY GUIDE

TO UNDERSTANDING YOUR HIGH DEDUCTIBLE HEALTH PLAN



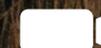
A high deductible health plan with a health savings account is a smart way to finance healthcare costs today while building a nest egg for future healthcare and retirement expenses.



The plan that gives you more...

The Anthem High Deductible Health Plan 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



Watch the video

HDHP at a glance

- Lower monthly contribution 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) funded with tax-free contributions from you.

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 HSA balance never expires—there's no “use it or lose it” rule. You keep the account even if you leave the company, and any balance earns interest.



Your HDHP & HSA put you in control of healthcare spending



- 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. The County provides the Amino program to help you look for high quality care with a low



Your HSA helps
you save on
federal taxes

NO TAX
on HSA
contributions

NO TAX
on eligible HSA
withdrawals

NO TAX
on HSA interest
and earnings

[Click here for more about federal and state tax savings.](#)

Your HSA boosts your retirement savings plan

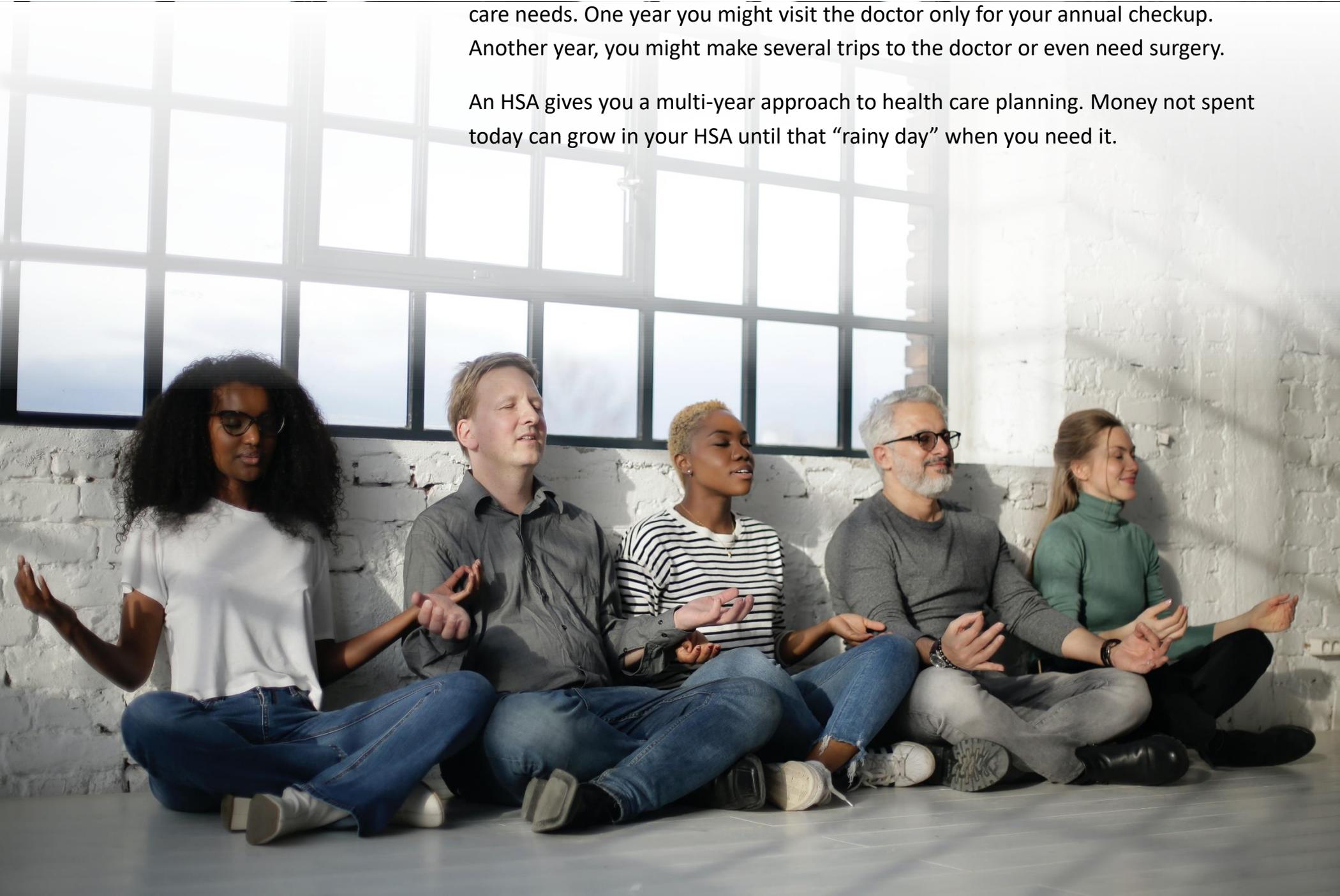


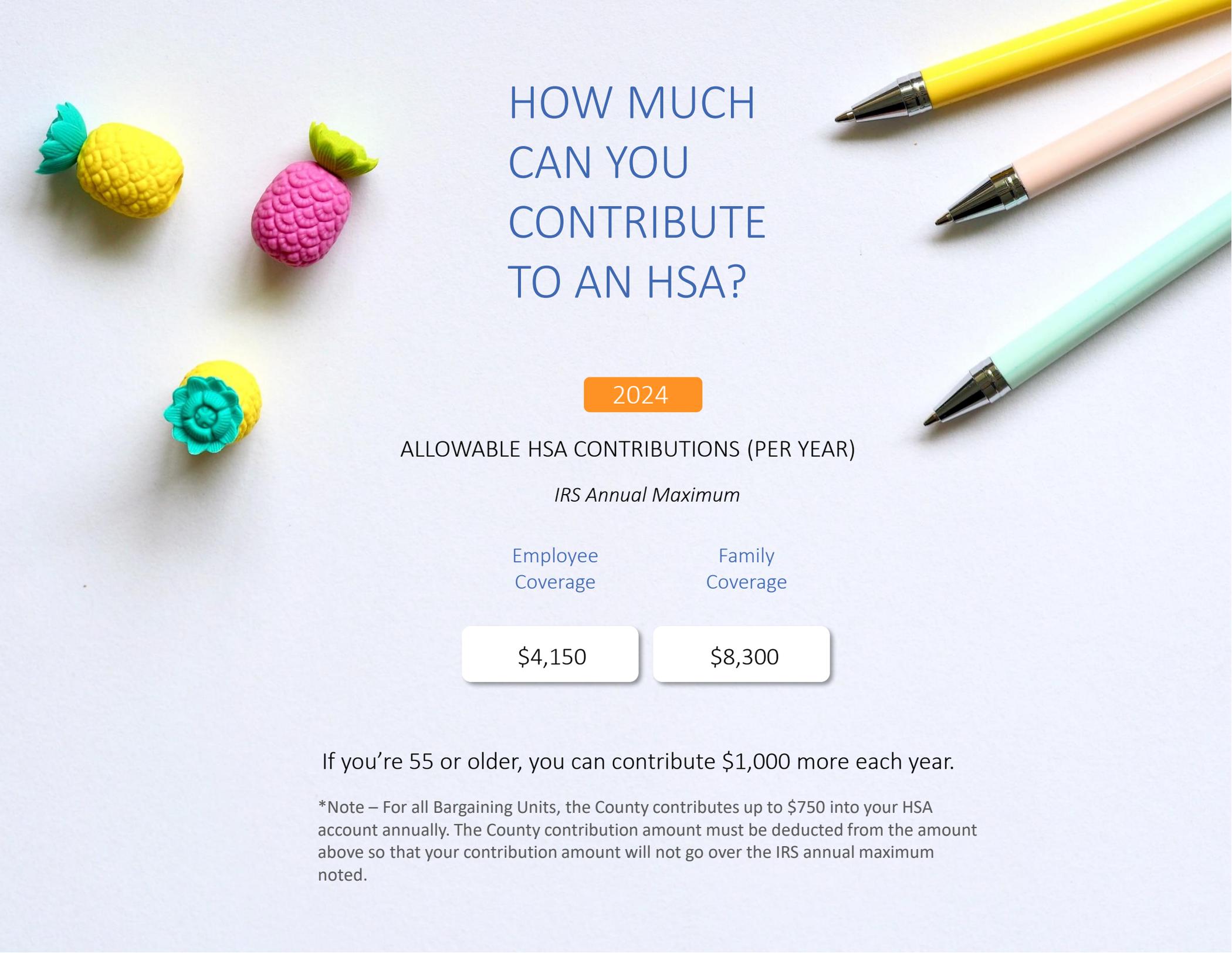
- Your HSA is your long-term health fund. The balance rolls over year after year so you can use it for healthcare expenses 30 days or 30 years from now.
- Your HSA is a smart addition to your retirement savings plan. Your post-retirement healthcare spending will be tax-free when you use your HSA. And 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.

Your annual healthcare needs are unique—just like you

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?

2024

ALLOWABLE HSA CONTRIBUTIONS (PER YEAR)

IRS Annual Maximum

Employee
Coverage

\$4,150

Family
Coverage

\$8,300

If you're 55 or older, you can contribute \$1,000 more each year.

*Note – For all Bargaining Units, the County contributes up to \$750 into your HSA account annually. The County contribution amount must be deducted from the amount above so that your contribution amount will not go over the IRS annual maximum noted.

Plan Highlights

Anthem High Deductible Health Plan

| | | |
|---------------------------------|--|---------------|
| Preventive Care | PLAN PAYS 100% (In-network) | |
| Before Meeting Deductible | YOU PAY 100% (\$2,000 Employee Only / \$6,000 Family) | |
| After Meeting Deductible | YOU PAY 20% | PLAN PAYS 80% |
| After Meeting Out-of-Pocket Max | PLAN PAYS 100% (After \$6,350 Employee Only / \$12,700 Family) <i>OOP Max for any one individual enrolled in family coverage is \$6,350</i> | |

HDHP Cost (Per Paycheck)

You can save up to \$3,705 in premiums per year for employee-only coverage or up to \$9,861 per year for employee + family coverage, compared to our Anthem EPO medical plan.

| | |
|---------------------|----------|
| Employee only | \$378.25 |
| Employee + spouse | \$747.62 |
| Employee + children | \$973.63 |
| Employee + family | \$973.63 |

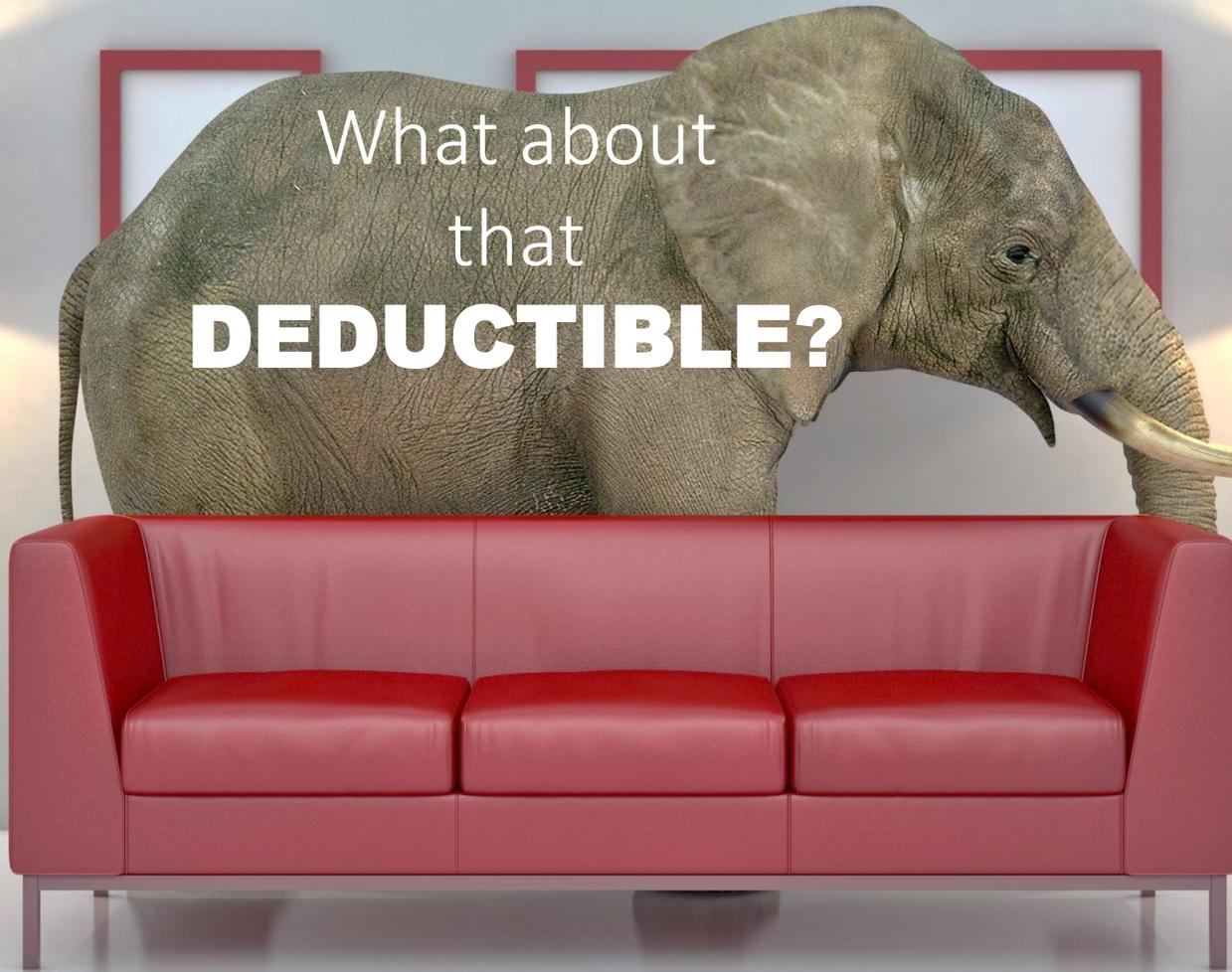
*Note – the amount above does not include your County premium contribution amount.

Refer to your enrollment materials for additional plan details.



Can we talk about the **ELEPHANT** in the room?

What about
that
DEDUCTIBLE?



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.
- The County 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 HSA balance rolls over every year. What you don’t spend continues to grow, with interest.



[CLICK HERE FOR
ONE MEMBER'S
HSA STORY](#)

Can you give me some examples?



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.

-
- \$2,500 Candace's total HSA deposits
 - \$500 Spent on urgent care and ankle brace
-
- =\$2,000 HSA balance 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.

-
- \$6,500 Seth's total HSA deposits
 - \$2,400 Spent on doctor visits for sniffles, sneezes & fevers
-
- =\$4,100 HSA balance rolls over to next year

*Note – the amounts above do not reflect any County HSA contribution amount.



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. His total medical bill was \$6,600. Here's how his health plan benefits (employee-only coverage) and HSA worked together to cover his costs.

HDHP Plan Benefits

| | | |
|---|---------|-----------------------------------|
| | \$2,000 | Andre's in-network deductible |
| + | \$920 | Andre's additional coinsurance |
| = | \$1,080 | Andre's total out-of-pocket costs |
| + | \$5,520 | Covered by insurance |
| = | \$6,600 | Total knee surgery cost |

HSA Usage

| | | |
|---|---------|-----------------------------|
| | \$2,500 | Andre's HSA deposits |
| - | \$1,080 | Out-of-pocket medical costs |
| = | \$1,420 | HSA balance |

*Note – the amounts above do not reflect any County HSA contribution amount.

Four easy ways to grow your HSA



- 1 If you will save on monthly premiums by enrolling in the HDHP, put the savings into your HSA.
- 2 If you usually set aside money for medical expenses in a healthcare Flexible Spending Account (FSA), direct those dollars to your HSA instead.
- 3 If you get a pay increase or bonus, direct a portion of it towards your HSA.
- 4 If you haven't maxed out your contributions, make a deposit to your HSA before April 15 for an additional tax deduction.

What ELSE do I
need to KNOW?



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)
- Over-the-counter (OTC) medicine—cold treatments, ointments, pain relievers, stomach remedies, etc.
- Over-the-counter (OTC) treatments—bandages, wraps,

- medical testing devices, etc.
- Oxygen
- Physical therapy
- Prescription drugs
- Psychiatric care
- Smoking cessation program and medications
- Surgery
- Telehealth services (pre-deductible)
- Transportation for medical care
- Wheelchair, walkers, crutches and canes

How can I spend my HSA?

MORE ELIGIBLE EXPENSES

INELIGIBLE EXPENSES





How do I pay with my HSA?

You can use your HSA like a checking account to pay for qualified medical expenses as long as you have enough money in your account to cover them. If your provider is billing you, wait until you have a statement from your insurance carrier showing exactly how much of the charge you're responsible for.

Debit Card

You will receive a debit card that you can use at the doctor's office, pharmacy, etc. Use this just as you would a debit or credit card. Charges will be deducted from your HSA account.

Checks

You can order a checkbook if you prefer to write checks. There may be a small charge to order checks.

Reimburse Yourself

If you paid your provider out-of-pocket, you can request reimbursement from your account. Refer to your HSA partner's website for rules and instructions.

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 HSA may 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 HSA spending. 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).

SEE MORE
ELIGIBILITY
DETAILS

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.

HSA Beneficiaries

If you name your spouse as your HSA beneficiary, 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.



[MORE INFO](#)

Helpful Online Resources

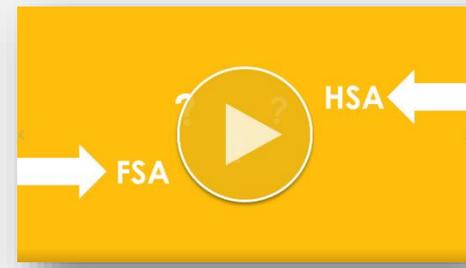
Click below for additional online resources.



High Deductible Health Plan



HSA



HSA vs. FSA



(866) 406-1275

[www.http://member.accolade.com/](http://www.member.accolade.com/)



(800) 685-6100

<https://www.mywealthcareonline.com/bccsmartcare/>



Manage your healthcare finances your way with your HSA.



The EASY Guide to
Understanding Your High
Deductible Health Plan



Brochure designed and developed by



In conjunction with the City of Santa Monica, January 2023.