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# Consumer Directed Health Plan Overview

October, 2020





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# Drexel Health Plan Overview



# Drexel University Health Plan

- Drexel University offers four Medical plan options through Independence Blue Cross (IBC)
- Plan options include:
  - Preferred Provider Organization (PPO) High
  - Preferred Provider Organization (PPO) Basic
  - Keystone Point of Service (POS)
  - Consumer Directed Health Plan (CDHP)
- PPO vs. POS
  - The largest difference between a PPO and POS is that an employee needs to select a Primary Care Physician (PCP) under the POS plan.
  - Under the POS plan, the PCP is then the “gatekeeper” and directs care accordingly to specialists in the network
  - The PPO offers flexibility and the ability to see specialists as you see fit
- CDHP
  - *The CDHP offers the same network of providers as the PPO options*
  - CDHP offers flexibility and the ability to see specialists without referrals
  - The CDHP can be paired with a Health Savings Account (HSA) that allows members to set aside pre-tax dollars to use for out-of-pocket medical expenses
  - Drexel University contributes to your HSA each year (\$500 for single coverage; \$1,000 for family coverage)
  - Lower premiums and higher deductibles relative to the POS and PPO options



## What is a Health Savings Account (HSA)



# ■ What is a Health Savings Account?

- If you participate in the Consumer Directed Health Plan (CDHP), you can elect to participate in a Health Savings Account (HSA)
- An HSA is a tax-exempt savings account that can be used for eligible medical expenses (an expense which pays for care as described in section 213 (d) of the Internal Revenue Code)
- Contribution Limits (2021)
  - Single: \$3,600
  - Family: \$7,200
  - There is a “catch-up” contribution limit of \$1,000 for individuals over 55
  - Drexel automatically contributes \$500 to your HSA each year for single only coverage, or \$1,000 for family coverage
  - HSA funds can be invested (and avoid service charges) once \$2,000 is accumulated in the account
- Triple Tax Benefits
  - Contributions are pre-tax
  - Interest is earned is tax-free
  - Tax-free withdrawals for qualified medical expenses
- Convenient
  - The HSA program issues a debit card so you can pay for your prescription medications, doctor fees, etc. at the point of sale. If you prefer to wait for a bill in the mail, you can also make a payment over the phone (or via the provider’s website) using your debit card

# ■ What is a Health Savings Account?

- Portable
  - The funds in your HSA remain available for future qualified medical expenses, even if you change health plans, change employers, or retire.
  - Funds left in your account continue to grow tax free
  - If you leave the University, you will be responsible for the banking fees charged to your account.
- Rollover Benefits
  - If you have money left in your HSA at the end of the year, it will automatically rollover to the following year
- Retirement Benefits
  - HSAs act as a vehicle to save for medical expenses in retirement
  - Starting at age 65, account owners may take penalty-free distributions for any reason.
  - Before age 65, account owners face a 20 percent penalty for withdrawals for nonqualified medical expenses

# ■ How do you use a Health Savings Account?

- A Health Savings Account is similar to other bank accounts that you may already have for credit and debit cards
- During Open Enrollment, employees will select how much they would like to contribute to the HSA each pay period and the Drexel Human Resources team will make that contribution on your behalf
  - Note that the HSA election does not “roll-over” and must be completed each year if you wish to make HSA contributions
  - Employees can adjust their own contributions at any point during the year. Changes will become effective in the next pay period
- Employees will receive a debit card to use at the time of service
- Employees will be able to view their transactions and balances online or through periodic mailed statements
- If a user does not want to use a debit card, another option is to track all out-of-pocket medical expenses and submit those expenses during tax season
- Regardless, it is encouraged to keep track of all medical receipts electronically or by paper

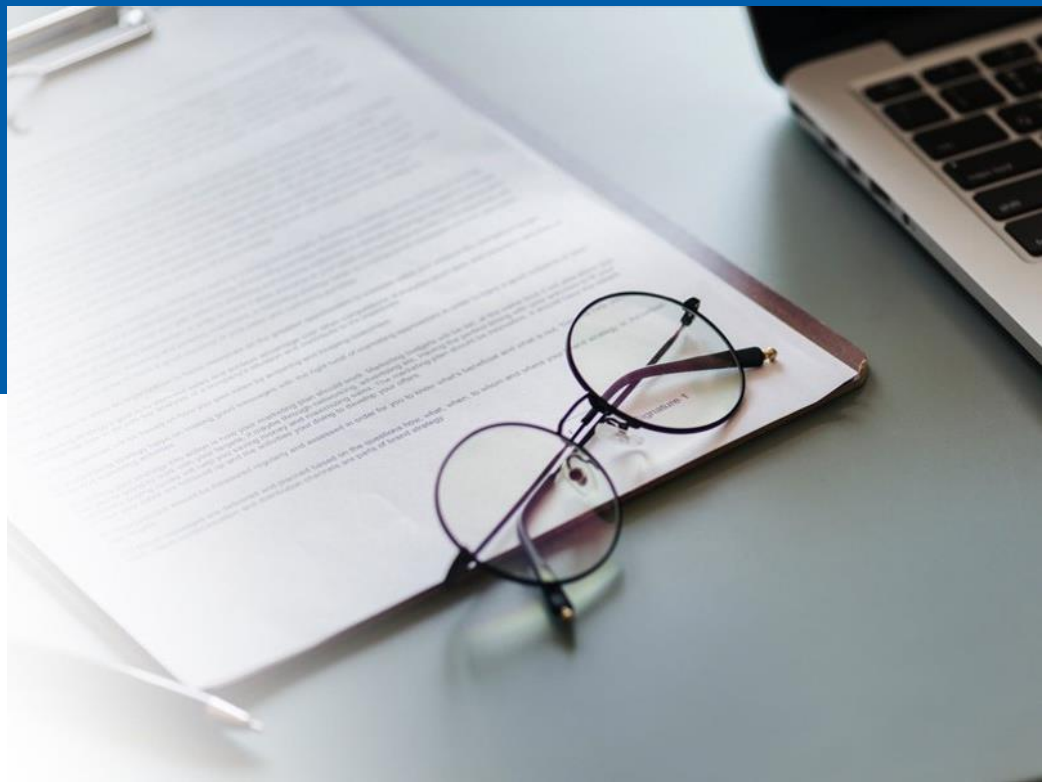


# ■ Difference between HSA & FSA?

- The major differences between a Health Savings Account and a Flexible Savings Account are:
  - Members need to be enrolled in an HSA qualified Health Plan in order to have an HSA while an FSA can be paired with most other plans
  - An HSA is portable, meaning that if you leave Drexel University, you can take your HSA funds with you
  - There is no “use it or lose it” provision with an HSA. If you don’t use the money in your account by the end of the year, it stays there and collects interests on a tax-deferred basis.
  - An HSA includes banking partner that offers you several investment options that suit your needs.
    - Members need \$2,000 in their account to begin investing. We recommend discussing investment options with Optum bank or a financial planner directly
  - An HSA does not require third party substantiation for transactions; however, you should keep records of these transactions in the event of an IRS audit.
- The IRS does not allow members to have both an HSA and an FSA
  - Members with an HSA can enroll in a *Limited Purpose* FSA, which can only be used for Dental and Vision out-of-pocket expenses



## Claim Examples



# Scenario #1 – Employee Only Plan with Low Utilization

Sample Health Care Services & Expenses (assumes all services are in-network)		Billed Medical Cost*	CDHP		Keystone POS		PPO Basic	
Employee Only Coverage			Your Cost	Comments	Your Cost	Comments	Your Cost	Comments
A	Preventive Care Visit including blood work	\$150	\$0	Covered at 100%	\$0	Covered at 100%	\$0	Covered at 100%
B	Sick Visit to Primary Care Provider	\$130	\$130	Applies to Deductible	\$20	PCP Copay	\$20	PCP Copay
C	Visit to Specialist	\$160	\$160	Applies to Deductible	\$40	Specialist Copay	\$30	Specialist Copay
D Out-of-Pocket Cost (A + B + C)			\$290		\$60		\$50	
E	Drexel HSA Contribution		-\$500		-		-	
F	Annual Payroll Deductions		\$492		\$1,393		\$3,105	
Total Cost Annual to Employee – Cost of Care + Payroll Deductions			\$282		\$1,453		\$3,155	

\*Procedure costs used in example are an estimated cost. Please check with your provider on actual costs.

## Scenario #2 – “Worst Case Scenario” Employee Only - Met OOP Max

Sample Health Care Services & Expenses (assumes all services are in-network)		Billed Medical Cost*	CDHP		Keystone POS		PPO Basic	
Employee Only Coverage			Your Cost	Comments	Your Cost	Comments	Your Cost	Comments
A	Preventive Care Visit including blood work	\$150	\$0	Covered at 100%	\$0	Covered at 100%	\$0	Covered at 100%
B	Sick Visit to Primary Care Provider	\$130	\$130	Applies to Deductible	\$20	PCP Copay	\$20	PCP Copay
C	Visit to Specialist	\$160	\$160	Applies to Deductible	\$40	Specialist Copay	\$30	Specialist Copay
D	Emergency Room Visit (3x)	\$1,200	\$3,600	Applies to Deductible	\$300	ER Visit (\$100*3)	\$300	ER Visit (\$100*3)
E	Hospitalization & Testing (5 days)	\$50,000	\$10,000	Deductible & Coinsurance Apply Until OOP Max is Met	\$500	\$100 per day	\$5,000	Deductible & Coinsurance Apply Until OOP Max is Met
F	Out-of-Pocket Cost (A + B + C)		\$6,450**		\$860		\$2,000***	
G	Drexel HSA Contribution		-\$500		-		-	
H	Annual Payroll Deductions		\$492		\$1,393		\$3,105	
Total Cost Annual to Employee – Cost of Care + Payroll Deductions			\$6,442		\$2,253		\$5,105	

\*Procedure costs used in example are an estimated cost. Please check with your provider on actual costs.

\*\*The CDHP out-of-pocket maximum for individuals is capped at \$6,450

\*\*\*The PPO Basic out-of-pocket maximum for individuals is capped at \$2,000

## Scenario #3 – Family Plan with Low Utilization

Sample Health Care Services & Expenses (assumes all services are in-network)		Billed Medical Cost*	CDHP		Keystone POS		PPO Basic	
Family Coverage			Your Cost	Comments	Your Cost	Comments	Your Cost	Comments
A	Preventive Care Visit including blood work (3)	\$150	\$0	Covered at 100%	\$0	Covered at 100%	\$0	Covered at 100%
B	Sick Visit to Primary Care Provider (3)	\$130	\$390	Applies to Deductible	\$60	PCP Copay	\$60	PCP Copay
C	Visit to Specialist (3)	\$160	\$480	Applies to Deductible	\$120	Specialist Copay	\$90	Specialist Copay
D Out-of-Pocket Cost (A + B + C)			\$870		\$180		\$150	
E Drexel HSA Contribution			-\$1,000		-		-	
F Annual Payroll Deductions			\$3,011		\$6,268		\$18,795	
Total Cost Annual to Employee –  Cost of Care + Payroll Deductions			\$2,881		\$6,448		\$18,945	

\*Procedure costs used in example are an estimated cost. Please check with your provider on actual costs.

## Scenario #4 – “Worst Case Scenario” Family Plan - Met OOP Max

Sample Health Care Services & Expenses (assumes all services are in-network)		Billed Medical Cost*	CDHP		Keystone POS		PPO Basic	
Family Coverage			Your Cost	Comments	Your Cost	Comments	Your Cost	Comments
A	Preventive Care Visit including blood work (3)	\$450	\$0	Covered at 100%	\$0	Covered at 100%	\$0	Covered at 100%
B	Sick Visit to Primary Care Provider (3)	\$130	\$390	Applies to Deductible	\$60	PCP Copay (\$20*3)	\$60	PCP Copay (\$20*3)
C	Visit to Specialist (3)	\$160	\$480	Applies to Deductible	\$120	Specialist Copay (\$40*3)	\$90	Specialist Copay (\$30*3)
D	Emergency Room Visits (3)	\$1,200	\$3,600	Applies to Deductible	\$300	ER Visit (\$100*3)	\$300	ER Visit (\$100*3)
E	Hospitalization & Testing (5 days)	\$50,000	\$10,000	Deductible & Coinsurance Apply Until OOP Max is Met	\$500	\$100 per day	\$3,550	Deductible & Coinsurance Apply Until OOP Max is Met
F Out-of-Pocket Cost (A + B + C)			\$12,900**		\$980		\$4,000***	
E Drexel HSA Contribution			-\$1,000		-		-	
G Annual Payroll Deductions			\$3,011		\$6,268		\$18,795	
Total Cost Annual to Employee – Cost of Care + Payroll Deductions			\$14,911		\$7,248		\$22,795	

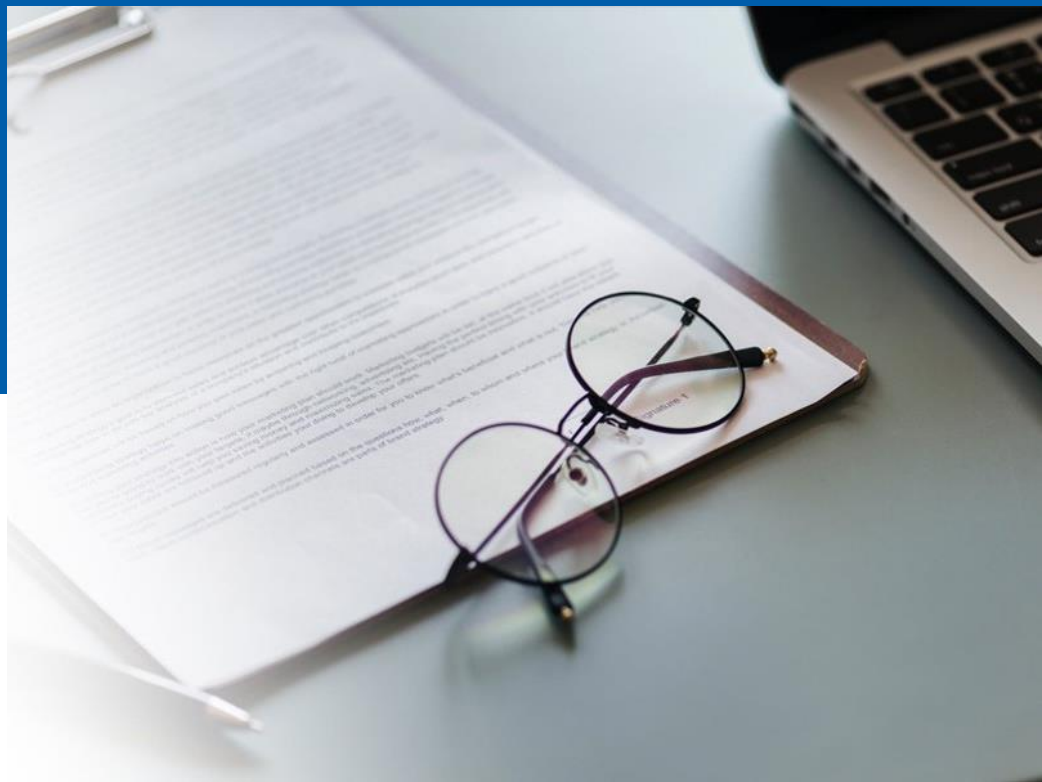
\*Procedure costs used in example are an estimated cost. Please check with your provider on actual costs.

\*\*The CDHP out-of-pocket maximum for individuals is capped at \$6,450

\*\*\*The PPO Basic out-of-pocket maximum for individuals is capped at \$2,000


# IV.

## How to Enroll



# How To Enroll in the HSA



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Home

My Plans

Account Information

Benefits Profile

Life Events

Library

Impersonating User

Health Savings Account Certification (2020)

✓ 1. GETTING STARTED

2. CHOICES

### Health Savings Account Certification (2020) | Select Your Coverage Level

You are eligible to open and contribute to a Consumer Directed Health Plan (CDHP) if you elect to participate in the High Deductible Medical Plan and meet the IRS eligibility requirements. Your CDHP is a **personal savings account**. You may use the CDHP to pay for eligible medical expenses that your plan does not cover. This includes payments you make towards your medical deductible and out-of-pocket expenses. You can also use your CDHP as a long-term savings account to pay for future medical expenses even in retirement.

You are eligible to open and contribution to a CDHP if:

- You are enrolled in the High Deductible Medical Plan.
- You are not covered by another health plan, health care flexible spending account or health reimbursement account.
- You are not eligible to be claimed as a dependent on someone else's tax return.
- You are not enrolled in Medicare or TRICARE insurance.
- You have not received Veterans Administration Benefits.
- You have read and agree to the [Optum Bank Terms and Conditions](#) for the account.

Plan	Coverage Level	Monthly Deduction	Plan Info
Health Savings Account Certification (2020)			
	<input checked="" type="radio"/> ✓ I am eligible to participate in a CDHP	\$0.00	
	<input type="radio"/> I do not accept the above terms, no account will be opened and no funds received	\$0.00	

◀ Previous

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# How To Enroll in the HSA – Contribution election



## 1. MY DEPENDENTS

## 2. CHOICES

### Health Savings Account (2020) | Plan Information

[View Plan Info](#)

The **Consumer Directed Health Plan (CDHP)** allows you to set aside before-tax money to pay for out-of-pocket health care expenses for you and your qualified dependents. You may contribute to the CDHP only if you enroll in the High Deductible medical plan. Highlights of the CDHP are:

- You do not need to submit receipts for your qualified expenses.
- Your account balance rolls over from one year to the next.
- Your account is yours and stays with you even if your employment with ends.
- You can make pre-tax contributions through payroll.
- The company will make a contribution to your CDHP based on your medical coverage.
- You can change your contribution amount at any time.
- If you use the account to pay for ineligible expenses, the IRS will impose penalties.

**Please note:** The annual contribution is inclusive of the employer's portion. The Consumer Directed Health Plan cannot exceed the IRS limit per individual or family coverage.

Optum Bank provides several tools to help you maximum your benefits from the Health Savings Account.

- [Introduction to CDHPs](#) explains the benefits of a CDHP.
- The [Tax Savings Calculator](#) will help you determine how much you should contribute.
- [Frequently Asked Questions](#) provides responses to common questions.



### Health Savings Account (2020) | Make Your Choice

#### Min and Max Contributions:

- The minimum annual contribution to participate is **\$0.00**
- The maximum annual contribution to participate is **\$3,466.67**
- If you do not wish to participate, please enter **\$0.00**

#### Employer Amounts:

- Employer annual contribution is **\$83.33**

ENTER:

Your Annual Amount:

\$ 0.00

or

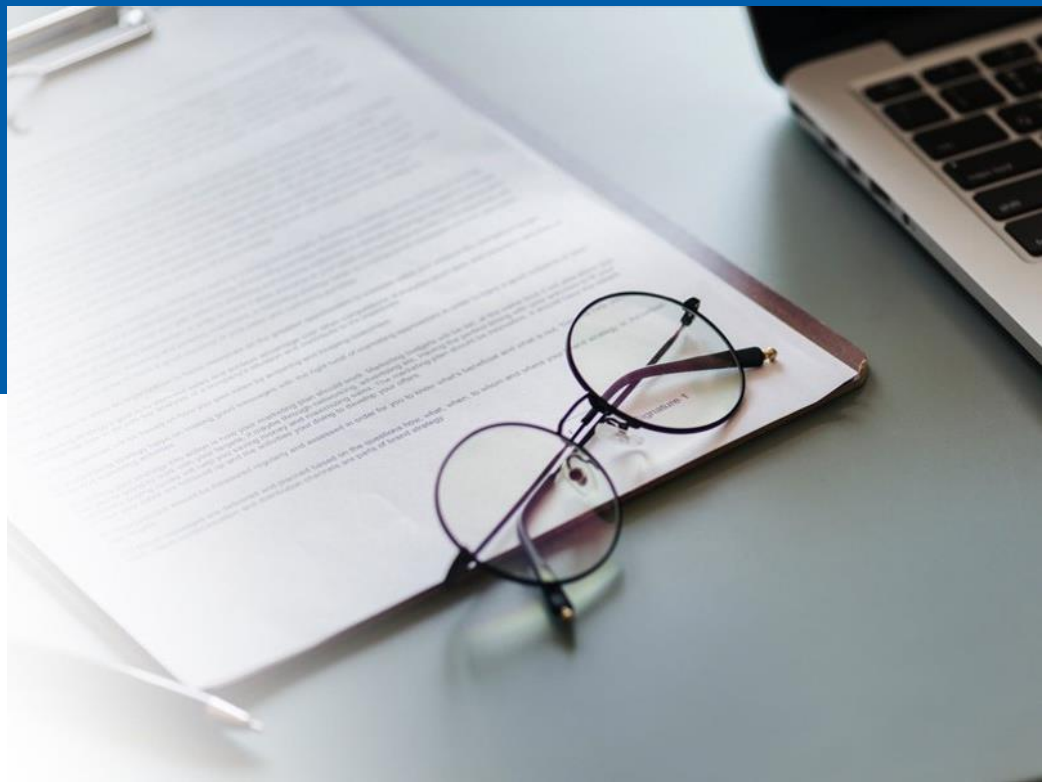
Deduction (Monthly):

\$ 0.00

Calculate

# V.

## Frequently Asked Questions



## ■ Other FAQ's

- Is the HSA annual election a passive enrollment?
  - No. Members need to actively elect to contribute to the HSA each year and indicate the per pay amount
- Can I change my election after open enrollment closes?
  - Yes, you can change your HSA per pay election whenever you need to without a qualifying life event
- Who is Optum Bank?
  - Optum Bank will manage your HSA, similar to any other personal bank account
  - Because this is a personal bank account, members must attest to Benefit Express and Optum Bank that they would like to open an account
  - After the verification process, you will receive an Optum Bank card in the mail that you can use as a debit card for Healthcare expenses
- How can I access my Optum Bank information and transactions?
  - You can view full account details on your Benefitexpress portal
  - The link to view your account will appear on your homepage and direct you to the Optum Bank portal to view account information, transactions and submit for reimbursements

# ■ Eligible HSA / FSA eligible expenses

- Members may use IRS code section 213(d) to determine if a medical expense will be eligible under an HSA or FSA arrangement
- Examples of eligible expenses:
  - Doctor visits
  - Acupuncture
  - Braces
  - Blood test
  - Crutches
  - Prescription medications
  - Prenatal care
  - Surgery
  - OTC drugs (sinus medications, nasal spray, allergy meds)
- Examples of ineligible expenses:
  - Toiletries
  - Acne meds
  - Lip balm
  - Vitamins

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# THANK YOU

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Questions? Comments?

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