



**Gallagher**

Insurance | Risk Management | Consulting

## HSA Summary

### *Basic Concept:*

**\*Pay a lower insurance premium for a High Deductible Plan**

**\*Take the difference and set it aside in a special savings account**

Withdrawals are TAX-FREE (if used for qualified medical expenses)

### Portability

- Employee continues to have access to the HSA if no longer employed by Randolph BOE

### Year End Fund Roll Over

- Can be carried over during a participants lifetime
- Upon death can be passed onto surviving spouse without federal tax liability

### *Qualified Medical Expenses*

Defined in Section 213(d) of IRS Code

- Amounts paid for:
  - Doctor's Fees
  - Prescriptions
  - Necessary Medical Services NOT Paid for by Insurance

Cannot be used to pay for insurance premiums except:

- While receiving unemployment benefits (state or federal)
- While Covered under COBRA
- Retiree medical contributions for retirees 65 and older (Medigap premiums not qualified)

# Horizon BCBS of NJ Side by Side Plan Comparison 7/1/2019-6/30/2020

Benefit	Horizon POS Design 8		Horizon POS Design 4		OMNIA 10 with BlueCard		Horizon MyWay HSA Direct Access	
	In-Network	Out-of-Network	In-Network	Out-of-Network	Tier 1	Tier 2	In-Network	Out-of-Network
Calendar Year								
Benefit Period								
Deductible	\$0/\$0	\$100/\$250	\$500/\$1,000	\$3,000/\$6,000	\$0/\$0	\$1,500/\$3,000	\$1,500/\$3,000	
Coinsurance	100%	70%	90% ALL PCP & Pre-admission testing Covered 100%	70% ALL PCP & Pre-admission testing Covered 100%	100% ALL PCP & Pre-admission testing Covered 100%	100%	100% ALL PCP & Pre-admission testing Covered 100%	70% Covered 100%
Maximum OOP	\$400/\$800	\$2,000/\$5,000	\$5,000/\$10,000	\$6,000/\$12,000	\$400/\$800	\$2,000/\$4,000	\$5,000/\$10,000	\$10,000/\$20,000
Primary Care	100% after \$5 Copay	70% after ded	100% after \$25 Copay	70% after ded	100% after \$5 Copay PCP is general/family practitioner, internist or pediatrician	100% after \$10 Copay PCP is general/family practitioner, internist or pediatrician	100% after ded PCP is general/family practitioner, internist or pediatrician	70% after ded PCP is general/family practitioner, internist or pediatrician
Specialist	100% after \$5 Copay Referral required	70% after ded Referral required	100% after \$35 Copay Referral required	70% after ded Referral required	100% after \$5 Copay Referral not required	100% after \$10 Copay Referral not required	100% after ded Referral not required	70% after ded Referral not required
Hospital Inpatient	100%	70% after ded & \$200 copay	90% after ded	70% after ded	100%	\$150 Copay per admission after ded *Does not apply to hospice	100% after ded	70% after ded
Emergency Room	100% after \$25 Copay		100% after \$100 facility Copay		100% after \$25 Copay (Copay waived if admitted) Payment at in-network level across-the-board applies only to true Medical Emergencies & Accidental Injuries		100% after ded Payment at in-network level across-the-board applies only to true Medical Emergencies & Accidental Injuries	
Outpatient Surgery	100%	70% after ded	90% after ded	70% after ded	100%	100% after ded	100% after ded	70% after ded
Prescription			Benecard: \$10/\$20 1x Mail Order No Deductible					CDHRx: \$10/\$25/\$5- 2x Mail Order after Medical Deductible

# HSA Examples

## Medical Plan Assumptions

Benefit	In-Network	Out of Network
Deductible (Individual)	\$1,500	
Deductible (Family)	\$3,000 Entire family deductible must be met before any benefits are paid.	
Hospital Benefit	100% after deductible	70% after deductible
Physician Benefit	100% after deductible	70% after deductible
Rx Benefit	\$10/\$25/\$50 Retail	\$20/\$50/\$100 Mail Order

### Example 1

Bill has a single contract. He has elected to contribute \$1,500 to his HSA.

During the year, he goes and has a physical performed. He also has monthly visits to an Endocrinologist for diabetes management. In July, he had an Emergency Room visit because he sprained his ankle.

SUMMARY OF BENEFITS PAID					
Service	Amount Billed	Amount Allowed	Bill's Liability*	HSA Funds Used	HSA Balance
Physical	\$200	\$125	\$0	\$0	\$1,500
Endocrinologist Visit (Jan)	\$250	\$150	\$150	\$150	\$1,350
Diabetic Needs (90 day supply)	\$1,100	\$800	\$800	\$800	\$550
Endocrinologist Visit (Feb)	\$250	\$150	\$150	\$150	\$400
Endocrinologist Visit (Mar)	\$250	\$150	\$150	\$150	\$250
Endocrinologist Visit (Apr)	\$250	\$150	\$150	\$150	\$100
Diabetic Needs (90 day supply)	\$1,100	\$800	\$150**	\$100	\$0
Endocrinologist Visit (May)	\$250	\$150	\$0	\$0	\$0
Endocrinologist Visit (Jun)	\$250	\$150	\$0	\$0	\$0
Endocrinologist Visit (July)	\$250	\$150	\$0	\$0	\$0
Diabetic Needs (90 day supply)	\$1,100	\$800	\$50	\$50	\$0

ER Visit (July)	\$7,500	\$3,500	\$0	\$0	\$0
Endocrinologist Visit (Aug)	\$250	\$150	\$0	\$0	\$0
Endocrinologist Visit (Sep)	\$250	\$150	\$0	\$0	\$0
Endocrinologist Visit (Oct)	\$250	\$150	\$0	\$0	\$0
Diabetic Needs (90 day supply)	\$1,100	\$800	\$50	\$50	\$0
Endocrinologist Visit (Nov)	\$250	\$150	\$0	\$0	\$0
Endocrinologist Visit (Dec)	\$250	\$150	\$0	\$0	\$0

<b>BENEFIT TOTALS</b>	
Amount Billed	\$15,100
Amount Allowed	\$8,625
Member Liability	\$1,650
HSA Amount Used	\$1,500
HSA Amount Remaining	\$0

\*Bill's liability is reflective of amounts applied to his deductible and drug co-pays.

\*\*In April, Bill met his \$1,500 deductible. His liability shows the \$100 needed to meet the deductible and the \$50 mail in order Rx copay.

Bill contributed \$1,500 of pre-tax dollars to his HSA. This saved him an estimated \$405 in taxes. Bill met his deductible in April. He used his entire HSA to pay off eligible medical expenses. At the end of the year, Bill has incurred a total of \$1,650 in medical liability. His medical liability consisted of \$1,500 applied to his deductible, and \$150 in prescription copays. He used \$1,500 from his HSA and \$150 out of his pocket to pay off his liabilities. He does not have anything left in his HSA to roll over.

Had Bill contributed \$3,450 of pre-tax dollars to his HSA, he would have saved estimated \$930 in taxes. Bill could have paid for all of his eligible medical expenses using his HSA, and still have a balance of \$1,150 in his HSA account, which would have rolled over into next year.

## Example 2

Susan is a teacher and has a family contract which covers her husband (John), their 3 children (Sarah, Julia and John Jr.) and herself. Susan's family is healthy and she has elected to not contribute the maximum allowed, and elected only \$2,000.

During the year, the entire family gets their annual physicals. Everyone in the family has seen their doctor at least twice during the year. All three of her children have been on an antibiotic at one point during the year.

SUMMARY OF BENEFITS PAID					
Service	Amount Billed	Amount Allowed	Susan's Liability*	HSA Funds Used	HSA Balance
Physical- John (Jan)	\$200	\$125	\$0	\$0	\$2,000
Doctor's Visit- John Jr (Jan)	\$150	\$100	\$100	\$100	\$1,900
Antibiotics- John Jr.	\$150	\$75	\$75	\$75	\$1,825
Doctor's Visit- Sarah (Feb)	\$150	\$100	\$100	\$100	\$1,725
Doctor's Visit- Julia (Feb)	\$150	\$100	\$100	\$100	\$1,625
Antibiotics- Sarah	\$150	\$75	\$75	\$75	\$1,550
Antibiotics- Julia	\$150	\$75	\$75	\$75	\$1,475
Physical- Susan (July)	\$200	\$125	\$0	\$0	\$1,475
Physical- Sarah (July)	\$200	\$125	\$0	\$0	\$1,475
Physical- Julia (July)	\$200	\$125	\$0	\$0	\$1,475
Physical- John Jr. (July)	\$200	\$125	\$0	\$0	\$1,475
Doctor's Visit- Susan (Aug)	\$250	\$150	\$150	\$150	\$1,325
Doctor's Visit- John (Sep)	\$250	\$150	\$150	\$150	\$1,175

BENEFIT TOTALS	
Amount Billed	\$2,400
Amount Allowed	\$1,450
Member Liability	\$825

HSA Amount Used	\$825
HSA Amount Remaining	\$1,175

\*Susan's liability is reflective of amounts applied to her deductible and drug co-pays.

Susan contributed \$2,000 of pre-tax dollars to her HSA. This saved her an estimated \$540 in taxes. At the end of the year, Susan has incurred a total of \$825 in medical liability. She did not meet her deductible. Susan used \$825 of her HSA to pay her medical liability. She has \$1,175 remaining in her HSA which will roll over into next year.

Had Susan contributed \$4,000 to her HSA, this could have saved her \$1080 dollars in taxes. Susan still would have been able to pay for all of her family's eligible medical expenses using her HSA. At the end of the year, Susan would have had a balance of \$3,175 in her HSA account, which will roll over into next year.

### Example 3

Steven is an administrator and has a 2 Adult contract which covers his wife, Allison. Steven has contributed \$6,850, the maximum to his HSA.

Steven had a catastrophic year. He was taken to the emergency room twice during the year, each resulting in an inpatient admission. He is now on a number of maintenance medications and required multiple follow up visits to various physicians. His wife, Allison only saw a physician once during the year. She is also on a mail order medication for high blood pressure.

SUMMARY OF BENEFITS PAID					
Service	Amount Billed	Amount Allowed	Steven's Liability*	HSA Funds Used	HSA Balance
Mail Order Rx- Allison (Jan)	\$900	\$600	\$600	\$600	\$6,250
ER/Inpatient- Steven (Feb)	\$112,000	\$25,000	\$1,400**	\$1,400	\$4,850
Prescriptions- Steven (Feb)	\$600	\$150	\$150	\$150	\$4,700
Doctor's Visit- Steven (Feb)	\$300	\$220	\$0	\$0	\$4,700
Doctor's Visit- Steven (Feb)	\$550	\$400	\$0	\$0	\$4,700
Doctor's Visit- Steven (Feb)	\$400	\$275	\$0	\$0	\$4,700
Prescriptions- Steven (Mar)	\$600	\$150	\$150	\$150	\$4,550
Doctor's Visit- Steven (Mar)	\$300	\$220	\$0	\$0	\$4,550
Doctor's Visit- Steven (Mar)	\$550	\$400	\$0	\$0	\$4,550

Mail Order Rx- Allison (Apr)	\$900	\$100	\$100	\$100	\$4,450
Prescriptions- Steven (Apr)	\$600	\$150	\$150	\$150	\$4,300
Doctor's Visit- Steven (Apr)	\$300	\$220	\$0	\$0	\$4,300
Doctor's Visit- Steven (Apr)	\$550	\$400	\$0	\$0	\$4,300
Prescriptions- Steven (May)	\$600	\$150	\$150	\$150	\$4,150
Doctor's Visit- Steven (May)	\$300	\$220	\$0	\$0	\$4,150
Doctor's Visit- Steven (May)	\$550	\$400	\$0	\$0	\$4,150
ER/Inpatient- Steven (Jun)	\$95,000	\$50,000	\$0	\$0	\$4,150
Prescriptions- Steven (Jun)	\$600	\$150	\$150	\$150	\$4,000
Doctor's Visit- Steven (Jun)	\$300	\$220	\$0	\$0	\$4,000
Doctor's Visit- Steven (Jun)	\$550	\$400	\$0	\$0	\$4,000
Doctor's Visit- Steven (Jun)	\$400	\$275	\$0	\$0	\$4,000
Mail Order Rx- Allison (July)	\$900	\$100	\$100	\$100	\$3,900
Prescriptions- Steven (July)	\$600	\$150	\$150	\$150	\$3,750
Doctor's Visit- Steven (July)	\$300	\$220	\$0	\$0	\$3,750
Doctor's Visit- Steven (July)	\$550	\$400	\$0	\$0	\$3,750
Prescriptions- Steven (Aug)	\$600	\$150	\$150	\$150	\$3,600
Doctor's Visit- Steven (Aug)	\$300	\$220	\$0	\$0	\$3,600
Doctor's Visit- Steven (Aug)	\$550	\$400	\$0	\$0	\$3,600
Prescriptions- Steven (Sep)	\$600	\$150	\$150	\$150	\$3,450
Doctor's Visit- Steven (Sep)	\$300	\$220	\$0	\$0	\$3,450
Doctor's Visit- Steven (Sep)	\$550	\$400	\$0	\$0	\$3,450
Mail Order Rx- Allison (Oct)	\$900	\$100	\$100	\$100	\$3,350
Prescriptions- Steven (Oct)	\$600	\$150	\$150	\$150	\$3,200
Doctor's Visit- Steven (Oct)	\$300	\$220	\$0	\$0	\$3,200
Doctor's Visit- Steven (Oct)	\$550	\$400	\$0	\$0	\$3,200
Prescriptions- Steven (Nov)	\$600	\$150	\$150	\$150	\$3,050
Doctor's Visit- Steven (Nov)	\$300	\$220	\$0	\$0	\$3,050

Doctor's Visit- Steven (Nov)	\$550	\$400	\$0	\$0	\$3,050
Prescriptions- Steven (Dec)	\$600	\$150	\$150	\$150	\$2,950
Doctor's Visit- Steven (Dec)	\$300	\$220	\$0	\$0	\$2,950
Doctor's Visit- Steven (Dec)	\$550	\$400	\$0	\$0	\$2,950

<b>BENEFIT TOTALS</b>	
Amount Billed	\$227,350
Amount Allowed	\$84,920
Member Liability	\$3,950
HSA Amount Used	\$3,950
HSA Amount Remaining	\$2,900

\*Steven's liability is reflective of amounts applied to his deductible and drug co-pays.

\*\*Steven met the \$2000 family deductible in February.

Steven contributed \$6,850 of pre-tax dollars to his HSA. This saved him an estimated \$1849.50 dollars in taxes. He incurred \$3950 in medical liability. The medical liability was comprised of \$2000 applied to his deductible and \$1,950 in prescription drug copays. Steven was able to pay it off all of his medical liability using his HSA. At the end of the year, there is still has a balance of \$950 in his HSA account, which will roll over into next year.