

# LINCOLN TEACHERS' ASSOCIATION

Local 1461, American Federation of Teachers, AFL-CIO  
LINCOLN, RHODE ISLAND 02865

*Education for Democracy*  *Democracy in Education*

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# HEALTH SAVINGS ACCOUNT AGENDA

- ▶ What is a Health Savings Account (HSA)?
- ▶ What are the costs of Health Savings Account?
- ▶ What is considered Preventive Services under the Affordable Care Act of 2010?
- ▶ How do I pay for Health Care Services?
- ▶ How do I get reimbursed for Health Care Services?
- ▶ What is a non-deductible charge but eligible HSA expense?
- ▶ How do I track my expenses and balances?
- ▶ What is Explanation of Benefits (EOB)?
- ▶ What happens to my money if I have money left in my account?
- ▶ Scenario #1
- ▶ Scenario #2
- ▶ Scenario #3
- ▶ Pros vs. Cons of Health Savings Account
- ▶ How do I invest extra/unused funds in the Stock Market or other Investments?
- ▶ Question & Answers

# What is a Health Savings Account?

- ▶ A Health Savings Account or HSA is a health care plan which is considered a High Deductible Health Plan (HDHP). Lincoln's HSA plan is considered a HDHP as the deductibles are \$1,500 for individual and \$3,000 for family. LTA members who receives health care from LSD and are sixty-five (65) years and older will remain on the Lincoln Standard Plan which is the 250/500 deductible plan.
- ▶ Provides health insurance for covered services.
- ▶ HSA Bank Account is a pre-taxed bank account that helps you pay for eligible health care expenses such as deductibles, dental, and vision expenses to name a few.
- ▶ Allows you to save tax free money for future healthcare expenses such as Medicare costs or long-term care services.

# What are the Costs for HSA?

## 2017-2018 250/500 Plan

### ▶ Cost of IND. 250/500 Plan-18% Cost share

- ▶ TOTAL: \$1,597.84
- ▶ Cost/Paycheck (21): \$76.04/paycheck

### ▶ Cost of FAM. 250/500 Plan-18% Cost share

- ▶ TOTAL: \$3,940.86
- ▶ Cost/Paycheck (21): \$187.66/paycheck

### ▶ Additional Costs (\$1,597.84+/\$3,940.86+)

- ▶ Co-Pays for Office Visits, Prescriptions, Medical Equipment, 250/500 deductible, etc.

## 2018-2019 HSA Plan

### ▶ Cost of IND HSA Plan (No Cost share)

- ▶ TOTAL: \$1,750 (\$1,500 deductible + \$250 fee)
- ▶ Cost/Paycheck (21): \$83.33/paycheck

### ▶ Cost of Family HSA Plan (No Cost share)

- ▶ TOTAL: \$3,500 (\$3,000 deductible + \$500 fee)
- ▶ Cost/Paycheck (21): \$166.66/paycheck

### ▶ Additional Costs

- ▶ Once your deductible is met (IND-\$1,500 & Family-\$3,000, there is no additional costs.
- ▶ If you spend less than your above deductible, the money is yours and stays in your HSA.

# Affordable Care Act of 2010 Preventive Services

## ▶ Preventive Services under the Affordable Care Act of 2010 (No Cost to Member)

- ▶ Yearly Physicals
  - ▶ Type 2 Diabetes Screenings
  - ▶ Colonoscopy (Screening for adults over 50)
  - ▶ Breast Cancer Mammography (Screening every 1 to 2 years for woman over 40)
  - ▶ Immunizations (For children birth to 18)
- ▶ This is just a short list of preventive services. For the above list, member does not incur a cost. The visit is free and the member does not have any cost to their deductible.

# How do I Pay for Health Care Services?

## ▶ How is my Health Care Savings Account funded?

- ▶ On July 1, 2018, for those who have an Individual Health Savings Account plan, the Lincoln School Department will front load your HSA with \$1,500 to use for approved High Deductible Health Plan (HDHP) health care services and expenses.
- ▶ On July 1, 2018, for those who have an Family Health Savings Account plan, the Lincoln School Department will front load your HSA with \$3,000 to use for approved High Deductible Health Plan (HDHP) health care services and expenses.
- ▶ The frontloaded money will be paid over twenty-one (21) weeks.
- ▶ Members have the option to place an additional \$3,450 for those on an individual plan and \$6,900 for those on a family plan. For those members who are fifty-five (55) and older can add an additional \$1,000 for “catch-up” clause. This decision must be made by May 1<sup>st</sup> each year and will not be frontloaded. The additional money will be tax-free when used for current or future health services. (See future slides for non-deductible HDHP services, but eligible HSA expenses.)

# How do I Pay for Health Care Services?

## ▶ Step #1



## ▶ Step #2



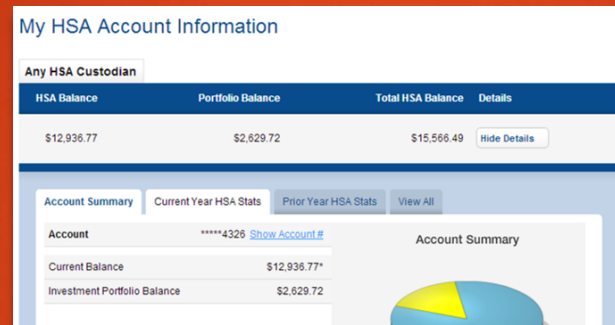
- ▶ **ALWAYS** present your Blue Cross Identification Card first.
- ▶ This will identify your costs for negotiated health care services and expenses.
- ▶ Present your debit card only after presenting your Blue Cross ID card and receiving confirmation from the provider on the amount due. Will receive an Explanation of Benefits (EOB). See page 10. Your cost of service will be deducted from your debit card. For those who have already spent \$1,500 (individual) or \$3,500 (family), school department will for service/expense. **See next slide for other payments.**
- ▶ For those members who currently have a Flexible Spending Account (FSA), HSA works the same way.
- ▶ **Do Not Use Debit Card To Pay Until Explanation Of Benefits (EOB) Aligns w/ Bill.**

# Ways to Pay for Health Care Services



## Debit Card

Use debit card to pay for health care services/expenses if billed at service.



## On-Line Payment

Use on-line eClaims Manager to manage and pay bills for health care services/expenses.



## HSA Checking/CASH

Use HSA Checkbook to pay for health care services/expenses or pay using cash

**(see reimbursement method).**

**\$11.25/year for checkbook**





# Non-Deductible vs. Eligible HSA Expense?

## Non-Deductible Charge

- ▶ Non-Deductible charge is for healthcare services/expenses that do not count towards the deductible of \$1,500 for individual and \$3,000 for family.
- ▶ If an eligible HSA expense, the member can use their Health Savings Account to pay for service/expense.
- ▶ Ex. If an IND HSA member uses \$300 for eye glasses, the member now has \$1,200 in account, but still has \$1,500 obligation to pay for deductible before School Department pays.

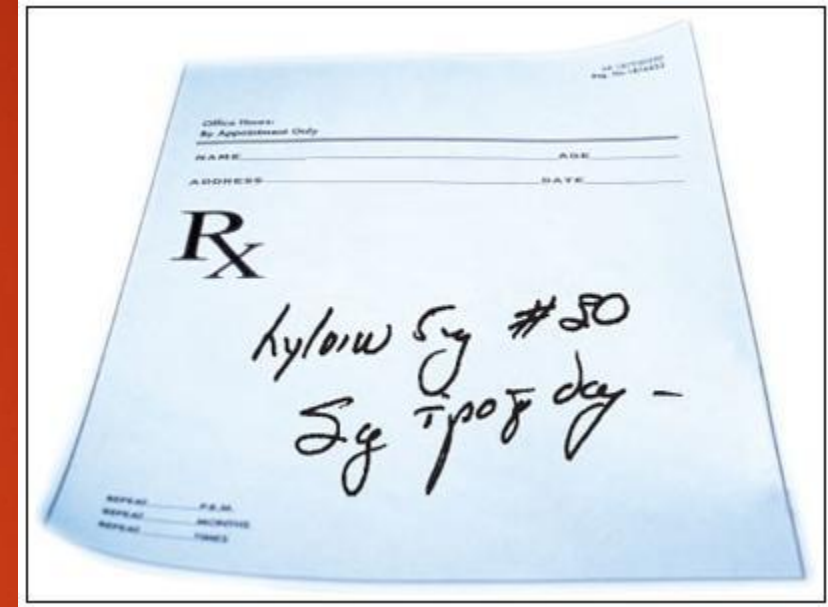
## Eligible HSA Expense

- ▶ Expenses that are not part of a deductible charge but out of pocket expenses can be reimbursable.
- ▶ If member uses HSA funds to pay for a non-deductible charge, member is reasonable for future deductible charges if their healthcare spending exceeds their \$1,500 (ind.) or \$3,000 (fam.) deductible.
- ▶ **Ex. of Eligible HSA Expenses:**
  - ▶ Eye glasses
  - ▶ Contacts
  - ▶ Braces
  - ▶ Dental Procedures
  - ▶ Complete List: IRS Publication 502

# What Should I do w/My Prescriptions

## ▶ Prescriptions

- ▶ Fill your prescriptions prior to July , 2018 and after July 5.
- ▶ July 1, 2018 is on a Sunday. Filling your prescriptions before July 1, 2018 will ensure you have an adequate supply of your prescriptions.



# How Do I Track Expenses & Balances?

The screenshot shows the Blue Cross Blue Shield of Rhode Island member portal. The user is logged in as Frederick Hoppe Jr. The page displays the Medical Claims History section, including a date range filter (01/01/2017 to 04/26/2017) and a table of recent claims. The table has columns for Service Date, Claim, Provider, Status, Billed, Allowed, and You Pay. A single claim is listed for 04/25/2017 with a billed amount of \$244.42 and an allowed amount of \$121.98. Navigation options like 'Prev 90 Days' and 'Next 90 Days' are visible at the bottom.

Service Date	Claim	Provider	Status	Billed	Allowed	You Pay
04/25/2017	E03030039200	Grenier, Nicole L. Dermatology	05/01/2017 Processed	\$244.42	\$121.98	\$25.00

- ▶ <https://www.bcbsri.com>
- ▶ Using on-line account, you can check your health care services and expenses as well as the chargeable amount.
- ▶ For the HSA, the amount that is allowed by Blue Cross/Blue Shield is the amount which is deducted from your Health Savings Account, not the **"Billed Amount"**.
- ▶ You can verify the amount deducted from your account vs. charged to ensure you are being billed and charged correctly. Use your Explanation of Benefits (EOB) to verify.

# What is Explanation of Benefits (EOB)

P43460280BZ

ATTN: Membership - 87274  
Blue Cross & Blue Shield of RI  
500 Exchange Street  
Providence, RI 02903-2699

Blue Cross Blue Shield of Rhode Island

BCBSRI.com  
(401) 459-5000 or 1-800-639-2227  
TDD: 711

BCBSRI Member ID #: ZBF2006011330  
Statement Page 1 of 4  
Statement Date: 05/03/2017

BCBSRI PROVIDES ADMINISTRATIVE CLAIMS PAYMENT SERVICES ONLY AND DOES NOT ASSUME ANY FINANCIAL RISK OR OBLIGATION WITH RESPECT TO CLAIMS.

### Healthcare Services Summary

This statement shows healthcare services you recently received, including what BCBSRI paid your healthcare providers and your share of the costs for these services. **This is not a bill.**

Total amount billed by your healthcare provider(s)	\$244.42
Your discount for using the BCBSRI network	\$122.44
What BCBSRI paid	\$96.98
Other deductions (such as other insurance coverage)	\$0.00
Your share of the costs owed to your healthcare provider(s)	\$25.00

*This includes copays, coinsurance, and/or deductibles, which you may have already paid. Your healthcare provider(s) may bill you this amount and you must pay the provider(s) directly.*

You saved **50%** by using BCBSRI network discounts!

Plan Benefit Period: 07/01/2016 - 06/30/2017

<b>Your Individual In Network Deductible</b> \$250.00 Max	\$0.00 Met	\$250.00 Remaining	<b>Your Individual In Network Out of Pocket Maximum</b> \$6350.00 Max	\$71.14 Met	\$6278.86 Remaining
<b>Your Family In Network Deductible</b> \$500.00 Max	\$275.16 Met	\$224.84 Remaining	<b>Your Family In Network Out of Pocket Maximum</b> \$12700.00 Max	\$1192.23 Met	\$11507.77 Remaining

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Blue Cross Blue Shield of Rhode Island

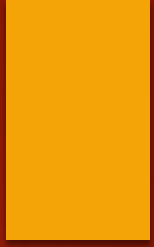
BCBSRI.com  
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TDD: 711

BCBSRI Member ID #: ZBF2006011330  
Statement Page 2 of 4  
Statement Date: 05/03/2017

<b>Your Individual Out of Network Deductible</b> \$1000.00 Max	\$0.00 Met	\$1000.00 Remaining	<b>Your Individual Out of Network Out of Pocket Maximum</b> \$6350.00 Max	\$0.00 Met	\$6350.00 Remaining
<b>Your Family Out of Network Deductible</b> \$2000.00 Max	\$0.00 Met	\$2000.00 Remaining	<b>Your Family Out of Network Out of Pocket Maximum</b> \$12700.00 Max	\$0.00 Met	\$12700.00 Remaining

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# What Happens to Money Remaining?



- ▶ If a member did not spend the \$1,500 for individual and \$3,000 for family, the remaining money left in the account remains in the interest bearing savings account.
- ▶ The following year, July 1, 2019, an additional \$1,500 and \$3,000 will be deposited in Health Savings Account. The School Department cannot use your remaining money from previous year for health care services/expenses above \$1,500/\$3,000 deductible.
- ▶ The additional accumulated money each year can be eventually used for health care services/expenses in retirement. Once member turns sixty-five (65), member can take money out of the account without incurring a penalty.
- ▶ If member uses funds for an ineligible purchase before the age of sixty-five (65), the member will incur a twenty (20%) percent penalty.

# Scenario # 1

- ▶ A member who is thirty-five (35) years old has out patient surgery for a diagnostic colonoscopy.
  - ▶ The facility allowance is \$1,250
  - ▶ The surgeon allowance is \$850
  - ▶ TOTAL ALLOWANCE: \$2,150

Individual Plan	Family Plan
Member Owes: \$1,500	Member Owes: \$2,150
School Department Pays: \$650	School Department Pays: \$0.00

- ▶ Because the member is less than fifty (50) years of age and the procedure is diagnostic and not PREVENTIVE, there is an expense under the Affordable Care Act of 2010.

# Scenario #2

- ▶ A member who is forty-eight (48) years old goes to the dermatologist for an appointment.
  - ▶ The doctor bills \$244.42 for the service.
  - ▶ The allowance for the health care service from Blue Cross is \$121.98

Individual Plan	Family Plan
Member Owes: \$121.98	Member Owes: \$121.98
School Department Pays: \$0.00	School Department Pays: \$0.00

- ▶ Once the member reaches \$1,500 for individual health care services/expenses and \$3,000 for family health care services/expenses, the **Lincoln School Department** pays for health care expense.



# Scenario #3

- ▶ A member who is forty-one (41) years old gets a medical procedure in the office. The member has paid a total of \$1,400 thus far. The member has spent \$1,400 in qualified HDHP services/expenses.
  - ▶ The bill for service procedure \$1,980.
  - ▶ The allowance for the health care service from Blue Cross is \$421.00

Individual Plan	Family Plan
Member Owes: \$100.00	Member Owes: \$421.00
School Department Pays: \$321.00	School Department Pays: \$0.00

- ▶ Once the member reaches \$1,500 for individual health care services/expenses and \$3,000 for family health care services/expenses, the **Lincoln School Department** pays for health care expense.

# Pros vs. Cons of Health Savings Account

## Pros

- ▶ Reduces health care services/expense for our members.
- ▶ Eliminates medical inflation of the working rate.
- ▶ Eliminates 18% cost-share and co-pays.
- ▶ Allows members to be a more active participant in their health care choices.
- ▶ Allows members to own unused money.

## Cons

- ▶ Member must put more effort into their health care plan through the following:
  - ▶ Review EOB to ensure charges are correct and money from account is accurate.
  - ▶ Possibly shop around for the best deals and health care services.
  - ▶ May have to make out a reimbursement form depending on health care charges.

# How Do I Invest Extra/Unused Funds in Stock Market?

- ▶ Members must have a minimum of \$1,000 in their HSA before they can begin investing.
- ▶ Members pay a \$2.50/month (\$30/year) charge to maintain the investment account which is charged to the member.

Questions?