ST. LUKE BENEFIT & INSURANCE SERVICES COPR.

WHAT IS A HIGH DEDUCTIBLE HEALTH PLAN WITH A HEALTH SAVINGS ACCOUNT?

HOW IT WORKS

- Must be enrolled in a High Deductible Health Plan *(HDHP)* to contribute to a Health Savings Account *(HSA)*
- Contributions into the HSA account are on a tax-free basis
- Funds in the HSA can be used to pay for qualified medical expenses
- Maximum Contribution Limits set by IRS (*2020 limits are below*)
  - $3,550 Self Only | $7,100 Family
- Catch Up *(55+ years old)* additional $1,000

PPO	HDHP / HSA
Higher Premium	Lower Premium
Lower Deductible	Higher Deductible
Coinsurance	No Coinsurance *(after deductible has been met)*
Maximum Out of Pocket	No Maximum Out-of-Pocket *(after deductible has been met)*
Co-Pays *(Rx)*	No Co-Pays

Preventative Care covered at 100%

ADVANTAGES OF AN HDHP / HSA

- Lower premiums
- Triple tax advantage
  1. Tax deductible contributions to HSA account
  2. Interest & earnings grow tax free
  3. Distributions are tax free for qualified medical expenses
- HSA dollars can be carried over from one year to the next and those funds are interest bearing
- HSA account and funds are portable, meaning it goes with you wherever you go
- Funds are NOT taxable – lowering your taxable income by HSA deposits
- Funds can be used for qualified medical expenses to include dental and vision expenses
- Funds can be used for NON qualified medical expenses *(subject to tax & 20% penalty if under age 65)*
- Anyone can contribute funds to your account *(employer, you, etc.)*
- Funds can be used to cover Rx medications
- You control and manage your health care expenses
  - You know EXACTLY what your out of pocket expenses are *(once you reach your deductible, your insurance covers remaining expenses)*

RETIREMENT

- Can use funds after the age of 65, or once you enroll in or become eligible for Medicare, for non-medical expenses with no penalty *(standard income taxes apply)*
- Funds can be used after the age of 65 to pay for Medicare Part A, B or D premiums without any taxes
- Funds can be used to pay for long term care expenses and premiums
- Prepare for healthcare costs into retirement
- Funds can be invested in stocks, bonds and other instruments
- Great source of long term savings

DISADVANTAGES OF AN HSA

- High Deductible / High Max Out-of-Pockets expenses if something does happen
- Some may not go to the doctor when they need to in order to avoid having to pay for it
- Your flexible spending account is limited when you have an HSA – can only be used for dental and vision
- Employer con is that the healthy employees move away from the most costly premium to a lower premium leaving the unhealthy on the deeper coverage plan and leaving funding dollars on the table
- You can only contribute to a HSA until you enroll in Medicare benefits *(so plan accordingly)*

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