



HealthCare Spending Accounts 201

Presented by: HealthEquity, BCBSVT and VEHI

HealthEquity[®]
Building Health Savings[™]



**BlueCross BlueShield
of Vermont**

An Independent Licensee of the Blue Cross and Blue Shield Association.

Objectives for today

- Understand other types of healthcare spending accounts and how they work when using more than one account at a time
- Identify decision points that need to be made when using these accounts
- Raise awareness of additional resources to assist you

101 Refresh

- VEHI will continue to have excellent benefits
- All new plans will all have calendar-year deductibles and out-of-pocket maximums.
- All four plans must be available to all eligible employees
- Health Reimbursement Arrangements (HRA)
 - All four plans can be offered with HRA
 - HRAs are a promise to pay by the employer
 - Money belongs to the employer
- Health Savings Accounts (HSA)
 - Only the two CDHP plans are HSA compatible
 - Employer or Employee can contribute
 - Money belongs to the employee

HealthEquity Partnership

- VEHl has partnered with Health Equity and BCBSVT to provide an integrated solution for school boards and associations who agree to offer healthcare spending accounts
- Integrated claims feed from BCBSVT - no need for employees to submit health claims for reimbursement
- Integrated enrollment and eligibility
- Easy to use online functionality for employer and employee
- Discounted administrative charges (billed to employer, paid by district/member as negotiated)

Types of Tax-Advantaged Accounts

- Health Savings Account (HSA) (see 101 webinar)
- Health Reimbursement Arrangement (HRA) (see 101 webinar)
- Medical Flexible Spending Account (MFSA)
- Limited Purpose Flexible Spending Account (LPFSA)
- Post-Deductible Health Reimbursement Arrangements (PDHRA)
- Dependent Care Reimbursement Account (DCRA)

VEHI does not in any way endorse specific health care plan options or cost-sharing arrangements.

Decisions about health care plans, funding arrangements, cost-sharing mechanisms, and related salary considerations are made through the collective bargaining between school district and local unions.

VEHI shares information about the use of Healthcare Spending Accounts in order to ensure parties have access to information about the options available and to secure cost effective pricing for administering these plans through a third-party vendor.

Flexible Spending Accounts

- **Medical FSA**
- **Limited Purpose FSA**

Both MFSA and LPFSA

- Are generally funded by the employee
- Maximum contribution limit of \$2,550 for 2016 allowed by federal law – Plan document determines (2017 federal maximum has yet to be determined)
- Election done before the beginning of the Plan year – employees should plan accordingly
 - Contribution amount can only be changed mid-year for “life event”
- Funds available at beginning of year
- Typically has “use it or lose it” provisions, subject to grace period/carry-over
- Subject to COBRA
- Plan Document provided at no extra charge through HealthEquity partnership

Medical Flexible Spending Accounts (MFSA)

- May be used to pay for all qualified medical expenses under IRS 213(d)
- May be used to pay for expenses of employees as well as dependents
- No administrative charge on an MFSA for employers that have an HRA through HealthEquity

MFSA Decision Points



- Will a MFSA be available to employees in 2018?
- What is the maximum amount the employee is allowed to contribute each year? (IRS currently allows up to \$2,550)
- Will the Plan run on a CY or FY?
- Will the MFSA have a grace period or a carryover or neither?
 - 2018 HSA eligibility may be impacted if the 2017 MFSA has a grace period or carryover option (see next slide)
- Does the Plan document need to be amended prior to 2018?
 - Is a short plan year needed in 2017?
 - Consult your Plan administrator

MFSA Decision Points



- Grace Period and HSA
 - An individual covered under an MFSA with a grace period will not be eligible to contribute to an HSA in 2018 until after the grace period has expired, unless there is a \$0 balance in the MFSA on December 31, 2017.
- A Carryover provision makes an individual ineligible to contribute to an HSA for the entire plan year unless:
 - An employee is permitted to decline or waive the carryover of amounts to the next plan year. This waiver must be made before the next plan year begins; or
 - The Plan allows the MFSA to roll into a LPFSA for January 1, 2018. This election must be made before the plan year begins; or
 - An employee enrolled in a CDHP for 2018 with an FSA is automatically treated as enrolled in a LPFSA and any carryover funds are rolled into the LPFSA.

Limited-Purpose Flexible Spending Account (LPFSA)

- LPFSAs allow enrollees of an HSA to set aside additional pre-tax dollars only for
 - Vision
 - Dental
- May be used to pay for expenses of employees as well as dependents
- \$1.95 PAPM for an LPFSA with an HSA.

LPFSA Decision Points



- Will a LPFSA be available to employees in 2018?
- What is the maximum amount the employee is allowed to contribute each year?
- Will the Plan run on a CY or FY?
- Will the LPFSA have a grace period or a carryover or neither?
- Does the Plan document need to be amended prior to 2018 to add an LPFSA?
 - Is a short plan year needed in 2017?
 - Consult your Plan administrator

Questions?

Reimbursement Accounts

- **Post-Deductible Health Reimbursement Arrangement (PDHRA)**
- **Dependent Care Reimbursement Account (DCRA)**

Post-Deductible Health Reimbursement Arrangement (PDHRA)

- PDHRA is an HRA that is used after the minimum **federal** CDHP deductible is met (\$1,300/\$2,600 in 2016).
- The PDHRA funds can only be used after the federal deductible is met regardless of whether the employee actually has any HSA funds available.
- Employers who offer an HRA to an employee enrolled in either the Gold CDHP or Silver CDHP, will need to offer a Post-Deductible HRA in order to keep the health plan HSA compatible.
- HSA compatibility is necessary to allow the employee (and employer if agreed to in the collective bargaining process where applicable) to contribute to the HSA.
- If the HRA provides more funding than allowed under the **federal** CDHP deductible minimum, neither the employer nor employee can contribute to an HSA that year.

Post-deductible Health Reimbursement Arrangement (PDHRA)

Sample of a PDHRA with an HSA compatible plan:

Single:



Family:



The amount of funds in the HRA are determined in collective bargaining, where applicable.

PDHRA Decision Points



- Will the employer (district) provide PDHRA funds to employees enrolled in the Gold or Silver CDHP?
 - If yes, incorporate in the Section 125 plan document
- How much will the district contribute:
 - By plan design (Gold CDHP, Silver CDHP)
 - By policy tier (single, two-person, parent/child(ren), family)
 - By employee class
- Who will pay the monthly administrative fees or potential state-specific surcharges? (Fees are billed to the employer)

PDHRA Decision Points



What are employer PDHRA dollars allowed to be used for?

- Deductible after the federal minimum of \$1300/\$2600 (2016)
- Coinsurance (medical or pharmacy)
- Copayments (applies to vision only)
- All Qualified Medical Expenses? (213(d) expenses)

PDHRA Decision Points



- How will the PDHRA funds be distributed?
 - Auto-Pay Providers or Auto-Reimburse Members
- How long will the plan year run-out last?
 - For active employee versus terminated employees
- If you hire a new employee mid-year, will the employee receive all of the agreed upon PDHRA dollars, or will it be pro-rated?
- Will unused PDHRA funds roll-over from one plan year to the next?
 - If yes, will the roll-over amount be capped?

PDHRA Decision Points



How will the PDHRA be funded?

	Funding Types (5 options)	Frequency	Amount
1	Fully Fund	Once	Entire Amount of Promised Dollars
2	Pay as you go	Ad hoc	Amount due is automatically withdrawn from your account
3	Reserve Account: Daily	Replenish Account Daily	3% of promised dollars
4	Reserve Account: Weekly	Replenish Account Weekly	10% of promised dollars
5	Reserve Account: Monthly	Replenish Account Monthly	20% of promised dollars

Dependent Care Reimbursement Account (DCRA)

- Common offering for employees to set aside pre-tax dollars to pay for childcare
- Monies are taken from employee payroll deduction and sent to DCRA administrator
- Money is withdrawn by employee to pay for childcare with an registered provider
- Contact HealthEquity for more information

Questions?

HealthEquity Fees*

	Cost	Frequency
HSA Administration	\$2.50	Per Account Per Month
LPFSA Administration	\$1.95	Per Account Per Month
HRA and/or MFSA Administration	\$3.45	Per Account Per Month
HRA/MFSA set-up fee and annual maintenance	Included	Initial and Annual
Post-Deductible HRA Administration (with HSA)	\$1.95	Per Account Per Month

*Find all fees at www.healthequity.com/sales/bcbsvt, see: *Integrated Fee Schedule*

Section 125 Plan

- Don't forget – changes/additions to your coverage can constitute a need for an amended Section 125 plan
- Check with your vendor to know the implications of adding an PDHRA, MFSA, LPFSA or DCRA to plan for upcoming changes
 - Will a change from Fiscal year to Calendar year be needed?
 - Will a short plan year be required to shift to a new plan year?
- PDHRA and FSA plan documents will be provided by HealthEquity (upon enrollment) to supplement your Section 125 plan
- Review your Cash-in-lieu policy for changes at the same time

Healthcare Spending Accounts Additional Resources

VEHI Website at www.vehi.org

HealthEquity Website at
www.healthequity.com/sales/bcbsvt

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Questions?

Appendix

Health Plans	VEHI Platinum Member Cost Share	VEHI Gold Member Cost Share	VEHI Gold CDHP Member Cost Share	VEHI Silver CDHP Member Cost Share
Medical Deductible	\$500/\$1,000	\$1,200/\$2,400	\$1,800/\$3,600	\$3,000/\$6,000
Medical Out of Pocket Maximum	\$1,500/\$3,000	\$1,800/\$3,600	\$2,500/\$5,000	\$4,000/\$8,000
Prescription Deductible	\$0	\$0	Included in medical deductible	Included in medical deductible
Prescription Out of Pocket Maximum	\$1,300/\$2,600	\$1,300/\$2,600	\$1,300/\$2,600 (included in Medical OOPM)	\$1,300/\$2,600 (included in Medical OOPM)
Total Out of Pocket Exposure (Medical and Rx)	\$2,800/\$5,600	\$3,100/\$6,200	\$2,500/\$5,000	\$4,000/\$8,000
Preventive PCP Visit	\$0	\$0	\$0	\$0
Primary Care Physician / Mental Health or Substance Abuse Visit	\$25	\$25	Deductible, then 20% coinsurance	Deductible, then 20% coinsurance
Specialist Visit	\$35	\$35	Deductible, then 20% coinsurance	Deductible, then 20% coinsurance
Urgent Care	\$75	Deductible, then 20% coinsurance	Deductible, then 20% coinsurance	Deductible, then 20% coinsurance
Emergency Room	\$250	Deductible, then 20% coinsurance	Deductible, then 20% coinsurance	Deductible, then 20% coinsurance
Inpatient, Outpatient, Radiology	Deductible, then 20% coinsurance	Deductible, then 20% coinsurance	Deductible, then 20% coinsurance	Deductible, then 20% coinsurance
Generic tier 1 / tier 2 / Brand / NP Brand	\$4 / \$10 /\$20 / 50%	\$4 / \$10 /\$20 / 50%	Deductible, then 20% coinsurance	Deductible, then 20% coinsurance
Wellness Prescriptions	Same as above	Same as above	No member cost	No member cost
Monthly Rates (filed FY 18)	Platinum	Gold	Gold CDHP	Silver CDHP
Single	\$657.55	\$622.94	\$523.29	\$456.34
Two Person (Two Adults)	\$1,315.10	\$1,245.88	\$982.75	\$912.69
Parent & Child(ren)	\$1,099.51	\$1,042.53	\$809.02	\$769.27
Family	\$1,860.19	\$1,763.38	\$1,449.51	\$1,298.60

New Health Plans Cost Overview	VEHI Platinum Cost Share	VEHI Gold Cost Share	VEHI Gold CDHP Cost Share (aggregate)	VEHI Silver CDHP Cost Share
Single				
Maximum Out-of-Pocket Exposure	\$2,800	\$3,100	\$2,500	\$4,000
Annual Single Plan Rate*	\$7,891	\$7,475	\$6,279	\$5,476
Combined Total Exposure	\$10,691	\$10,575	\$8,779	\$9,476
Two Person (Two Adults)				
Maximum Out-of-Pocket Exposure	\$5,600	\$6,200	\$5,000	\$8,000
Annual Two-Person Plan Rate*	\$15,781	\$14,951	\$11,793	\$10,952
Combined Total Exposure	\$21,381	\$21,151	\$16,793	\$18,952
Parent/Child(ren)				
Maximum Out-of-Pocket Exposure	\$5,600	\$6,200	\$5,000	\$8,000
Annual Parent/Child(ren) Plan Rate*	\$13,194	\$12,510	\$9,708	\$9,231
Combined Total Exposure	\$18,794	\$18,710	\$14,708	\$17,231
Family				
Maximum Out-of-Pocket Exposure	\$5,600	\$6,200	\$5,000	\$8,000
Annual Family Plan Rate*	\$22,322	\$21,161	\$17,394	\$15,583
Combined Total Exposure	\$27,922	\$27,361	\$22,394	\$23,583
*These rates are filed, but not yet approved, for FY 18				
<p>This chart presents the premium and maximum exposure of out-of-pocket (OOP) costs for each new VEHI plan, and the combined cost of premiums and OOP costs for each plan.</p> <p>These costs may be shared by the employer and employees as determined by collective bargaining agreements.</p>				