

CARES Benefits 101

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SPECIAL POINTS OF INTEREST:

- The High Deductible Health Plan (HDHP) offered by CARES can be paired with an HSA
- Each time you receive medical care and incur a charge for the HDHP deductible or coinsurance amount, you choose whether to pay from your HSA or out-of-pocket
- Consider the HDHP if you are comfortable with and have the ability to pay for 100% of out-of-pocket expenses until you reach the deductible

THIS ISSUE

Is a High Deductible Health Plan right for me?

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HDHP and HSA Questions & Answers

IS A HIGH DEDUCTIBLE HEALTH PLAN RIGHT FOR ME?

High Deductible Health Plan Highlights

As a High Deductible Health Plan, the HDHP has lower premiums and higher deductibles than traditional health plans. When you choose HDHP coverage, you can elect to open a Health Savings Account which may provide tax advantages in paying for eligible medical expense. **Only you can decide if an HDHP is right for you.** Here is a summary of the High Deductible Health Plan:

- The HDHP has an annual \$2,400 single and \$4,800 family deductible. After meeting the deductible, you pay 20% coinsurance until you reach the out-of-pocket maximum of \$5,950 for single coverage or \$11,900 for family coverage. Once you reach the out-of-pocket maximum, all of your medical costs are covered at 100% by the plan.
- HDHP provides prescription drug coverage at 20% coinsurance after you reach your deductible. Federal regulations do not permit an HDHP to pay a prescription drug benefit before the plan's deductible is met.
- The HDHP has the lowest premium of all CARES options.
- Like all CARES plans, the HDHP Provides 100% coverage for preventive care (Preventive care will be paid at 100% for In Network Providers. Out-of-Networks providers are limited to reasonable and customary charges.)
- The HDHP gives you the opportunity to open—on your own—a personal Health Savings Account (HSA) to make tax deductible contributions for eligible medical expenses.

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Health Savings Account Highlights

You can choose to open an HSA on your own to pay for your medical expense, or you can pay for expenses out-of-pocket. Current IRS regulations allow contributions up to \$3,050 for single coverage or \$6,150 for family coverage to an HSA in 2011. If you are over 55 years old, you can make an additional catch-up contribution of \$1,000. These contributions are tax deductible. *IRS Regulations govern all HSA accounts and transactions and are subject to change.*

- During the year, you can use the HSA or pay out-of-pocket for eligible medical expense (including dental and vision deductibles and coinsurance amounts).
- If you open an HSA and have unused funds at the end of the year, they will carry over from year to year.
- You can make contributions to your HSA throughout the year or in a single lump sum.
- When you withdraw funds from your HSA, you may only use up to the amount in your account.
- Each time you receive medical care and incur a charge for the HDHP deductible or coinsurance amount, you choose whether to pay from your HSA or out-of-pocket.

Resources

- **HSA calculator** (example only) http://www.aarp.org/health/medicare-insurance/hsa_calculator/
- **IRS information:** www.irs.gov
- <http://www.irs.gov/pub/irs-pdf/f8889.pdf>
- <http://www.irs.gov/pub/irs-pdf/p969.pdf>
- Publication 502 (2009), Medical and Dental Expenses <http://www.irs.gov/pub/irs-pdf/p502.pdf>