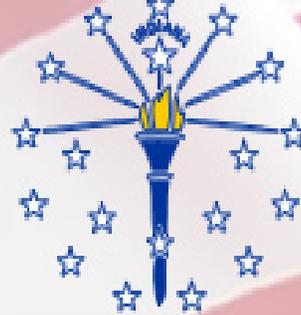


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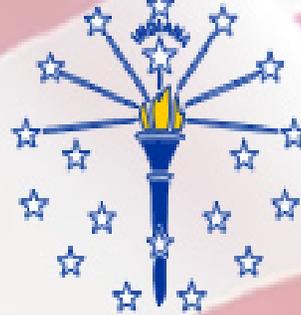
## High Deductible Health Plans (HDHP) With a Health Savings Account (HSA)

State Personnel Department  
Prepared for Open Enrollment 2009

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## Two Separate Entities

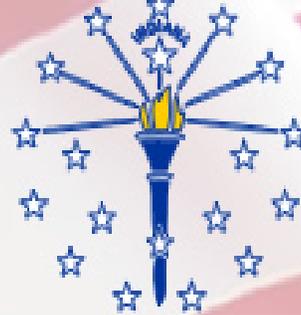
### 1. HDHP – Health Plan

- Provides traditional PPO coverage (80%-20%) after deductible is met
- Deductible higher than in traditional plan

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## **Two Separate Entities** (continued)

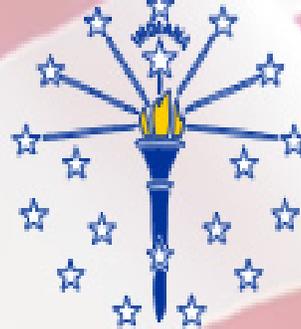
### **2. HSA – Savings Account**

- Special bank account for health expenses.
- Contributions tax free for eligible health care expenses
- Your account balance rolls over year after year

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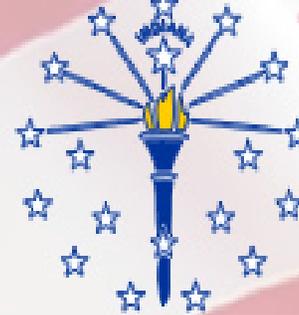


## HDHP's: How do they differ from Trad II?

- A traditional plan requires you to pay every pay period whether or not you use *medical* services; these are **premiums**
- A HDHP requires you to pay only nominal or no premiums;
  - you will pay for services only if you use them
  - you will be responsible to pay for covered services until you reach the **deductible**; then you will pay only 20% of the discounted charge
  - If/when you reach your out-of-pocket maximum, insurance will pay 100% and you will pay nothing additional.

**(Assumes in-network provider is used.)**

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## **HDHP – How does the deductible work?**

### **2009 deductibles for HDHP**

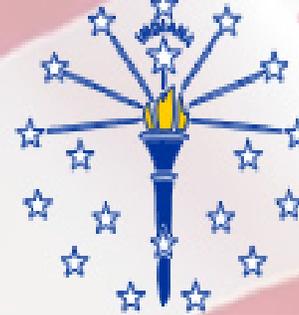
HDHP 1	single \$2,500 family \$5,000
HDHP 2	single \$1,700 family \$3,400

Family must meet entire deductible before coverage applies

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## Out-of-pocket expenses

- These are expenses you pay yourself toward the deductible and the co-insurance you pay after the deductible is met.
- The state's plans put a limit on out-of-pocket expense. Once met, you receive 100% coverage.

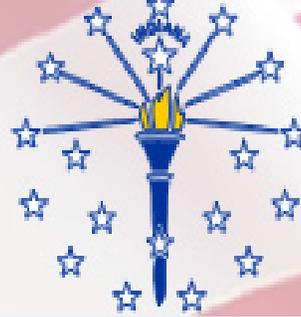
Plan	Single	Family
HDHP 1	\$4,000	\$8,000
HDHP 2	\$2,400	\$4,800
Trad II	\$2,000	\$4,000

Family must meet total out-of-pocket expense.

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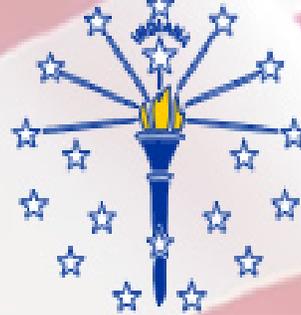
## In-network vs. Out-of-network health care providers

### In-network:

- Broad network contracted with Anthem and
- Agreed to accept certain amount as payment for specific covered services.

### Out-of-network:

- No contract with Anthem.
- May charge more than in-network providers.
- Anthem only pays **60%** of discounted fees
- Provider can balance bill you for difference between what Anthem pays and the full fee charged.
- Not bound by Anthem's in-network discounted fees.
- Go to Provider Finder online directory at [www.anthem.com](http://www.anthem.com)



## **HDHP: How does it work at a physician's office?**

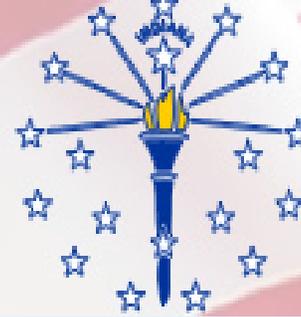
### **Seeing an in-network physician**

- As enrollee you will have an Anthem ID card
- Present your card at medical provider site
- May or may not pay at time of service
- Provider will file claim
- You and your doctor will both receive Explanation of Benefits showing your costs
- Provider bills you
- You pay network cost of service from HSA or other funds

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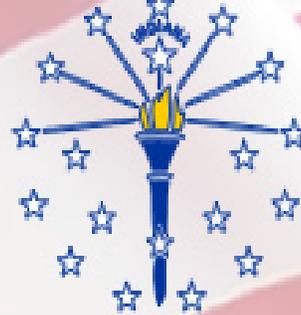


## **HDHP: How does it work at a physician's office?**

### **Seeing an out-of-network physician**

- When you make appointment, you may be asked to pay all or portion of fee at the visit.
- Present your Anthem ID card, but you may be required to file your own claim
- You will receive an Explanation of Benefits (EOB) showing the “approved” or discounted fee and amount due the provider
- Provider's will reflect provider charges minus Anthem's payment --assume deductible met: (60% of discounted fee) minus any payments you may have made

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## **HDHP: How does it work at a physician's office?**

### **How an out-of-network claim is paid**

#### **EXAMPLE:**

**Provider charge = \$110; Approved fee = \$100** Your deductible has been met.

Your EOB will state: "patient responsibility": \$40.00,  
Included in the "notes" will be the statement that you may be billed by the provider for the full balance.

A check for \$60.00 payable to you should be included with the Anthem documents -- out-of-network providers do not receive payment from Anthem. (If you had not met your deductible the "patient responsibility" would have read \$100.00.)

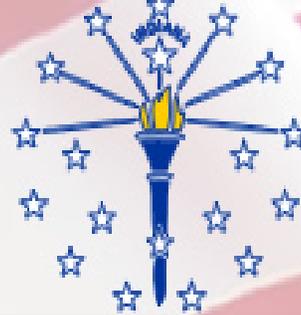
You owe the provider: \$40 (approved fee *minus* paid amount) + \$60.00 (amount of check) + \$10 (difference between the provider charge and the approved fee) = \$110.00.

Had the deductible not been met, the check would not have been sent to you. Under "deductible" on the EOB it would have read: \$60.00. Again, you would owe \$110.00.

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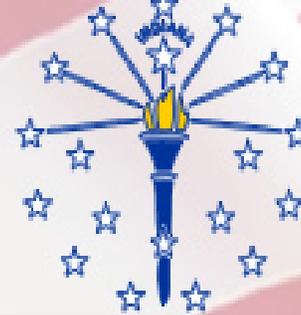
## **HDHP: How does it work – provider and other services?**

### **Finding the costs and becoming an ‘informed consumer’!**

- Click on:

[www3.anthem.com/flashtour/AnthemCareComparison/BCBS/demo/masterMainMovieAnthem.html](http://www3.anthem.com/flashtour/AnthemCareComparison/BCBS/demo/masterMainMovieAnthem.html)

Follow the tutorial to discover and to compare Anthem’s discounted prices for covered services.



## **HDHP: How does it work - prescriptions?**

Filling a prescription at pharmacy:

1. Present your Anthem card at network pharmacy
2. Pay the full network adjusted amount for your prescription either from your HSA or with other funds

Shop around

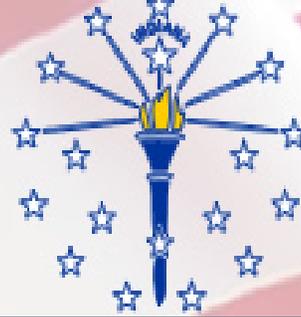
Ask for generics

3. If deductible met, pay co-insurance – anywhere from 10% to 40% depending on drug.

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## HDHP: How does it work - prescriptions?

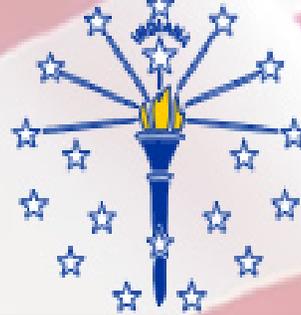
### How can I find out what they will cost?

- Go to: [www.anthem.com/preenrollment/](http://www.anthem.com/preenrollment/)
- Under the section “*Important Information from your Employer*”, it will ask you to type an ID. Please type the following: **demo4u**, and click “**login**”.
- On the next page, scroll all of the way to the bottom of the page and look under the heading “*Decision Support Tools*”. Click on “**Drug Cost Estimators.**”
- This will open a new page. Simply input the name of your drug or select it alphabetically, and the Estimator will give you an approximate cost for your drug.

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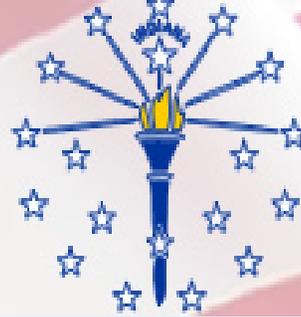
## HDHP: How does it work - preventive services?

- HDHP 1 and HDHP 2 preventive covered services meet nationally recommended preventive care guidelines.
- Services are paid at 100% and not subject to deductible, if you use an in-network provider.

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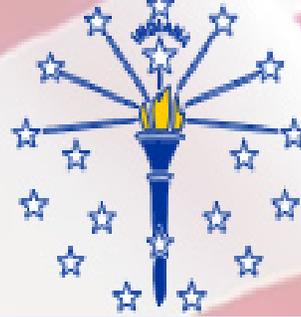


## **Covered preventive services – children**

- Office visits for well baby visits and annual physicals
- Vision screening
- Hearing screening
- Screening for lead exposure
- Pelvic exam, Pap test and contraceptive management for teens

(continued)

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## **Covered preventive services – children (continued)**

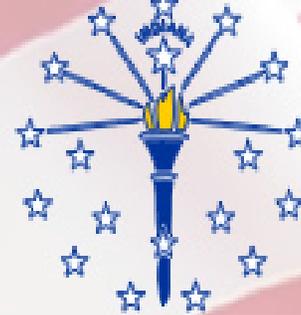
### Immunizations:

- Hepatitis A
- Hepatitis B
- Diphtheria, Tetanus, Pertussis (DtaP)
- Varicella (chicken pox)
- Influenza (flu shot)
- Pneumococcal Conjugate (pneumonia)
- Human Papilloma Virus (HPV)
- H. Influenza type b
- Polio
- Measles, Mumps, Rubella (MMR)
- Meningococcal Polysaccharide
- Rotavirus

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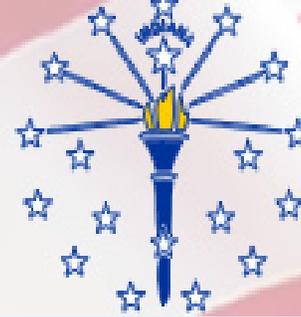
## Covered preventive services – adults

- Office visits for annual physicals
- Screening tests including the following
  - Vision screening
  - Hearing screening
  - Cholesterol and Lipid level screening
  - Blood Glucose test to screen for Type II Diabetes
  - Prostate cancer screenings including Digital Rectal Exam and PSA test
  - Breast exam and Mammography screening

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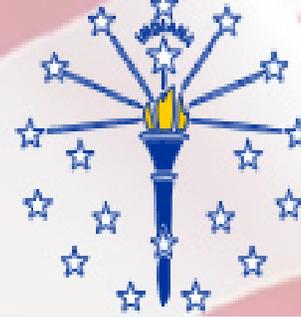
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## **Covered preventive services – adults (continued)**

- Pelvic exam, Pap test and contraceptive management for females
- Screening for sexually transmitted diseases
- HIV test
- Bone density test to screen for osteoporosis
- Colorectal cancer screening including fecal occult blood test, barium enema, flexible sigmoidoscopy and screening colonoscopy
- Routine blood and urine screenings

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## **Covered preventive services – adults (continued)**

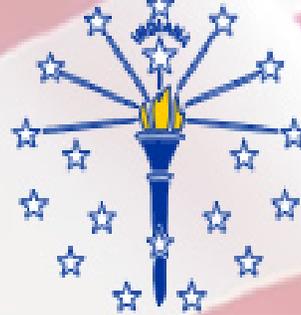
### Immunizations

- Hepatitis A
- Hepatitis B
- Tetanus, Diphtheria (Td)
- Varicella (chicken pox)
- Pneumococcal Conjugate (pneumonia)
- Human Papilloma Virus (HPV)
- Measles, Mumps, Rubella (MMR)
- Meningococcal Polysaccharide
- Herpes Zoster (shingles)
- Influenza (flu shot)

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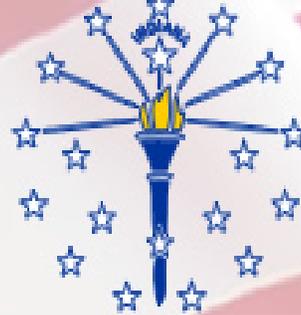
## HSA – Important facts

- This is a real bank account that you open at Tower Bank.
  - Money in the account belongs to you
  - You decide whether and how to spend it
  - If you leave state employment, it still belongs to you
- Can only open an HSA if you are enrolled in a qualified HDHP.

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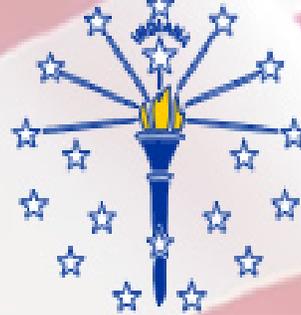
## Financial facts about your HSA

- Accounts held by Tower Bank. You need to open account. It is not automatically opened for you
- No monthly or setup fees
- Accounts earn tax-free interest
  - eHSA Account – online statements; more competitive interest rate
  - Premium – paper statements; slightly less interest than eHSA enrollees
- Investment options are available including a new HSA Certificate of Deposit Saver
- Can opt to receive even higher rates on HSAs, if move monies into CDs.
- Money in this account is yours
- Accumulates year-to-year – tax free
- Can be rolled over to another HSA
- If you leave state employment, the account remains yours

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## Who can open an HSA?

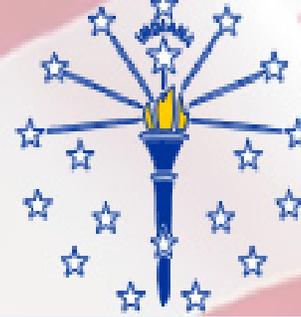
### Eligibility requirements

- Covered by a qualified HDHP.
- Not covered by any other medical plan, like your spouse's plan from another employer.
- Not enrolled in Medicare, Medicaid, or Tricare.
- Not claimed as a dependent on another's tax return.
- Have not received VA benefits within the past three months
- Not enrolled in a Medical FSA, including a spouse's that is not "Limited purpose-post deductible"; prohibits use of FSA funds prior to meeting HDHP deductible.

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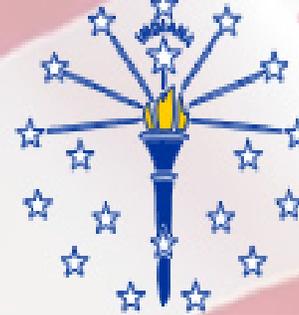
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## How is HSA funded?

- Pre-tax contributions by the state of Indiana
  - HDHP 1 single - \$1375.92
  - family - \$2750.28
  
  - HDHP 2 single - \$ 936.00
  - family - \$1870.44
- Pre-tax payroll deductions from your pay – your choice
- After-tax contributions by you – e.g., you write a check and deposit it in your account

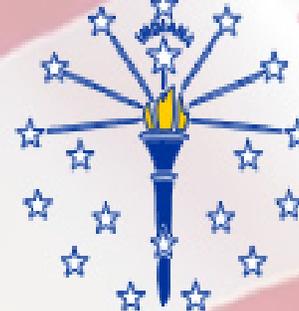
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**Compare: Paying premiums each pay period vs.  
 paying only when you use services**

	Single		Family	
	Premium	Deductible	Premium	Deductible
Trad II	\$1,630.98	\$500	\$4,806.36	\$500
HDHP 1	\$0.00	\$2,500	\$0.00	\$5,000
HDHP 2	\$502.32	\$1,700	\$1,237.08	\$3,400

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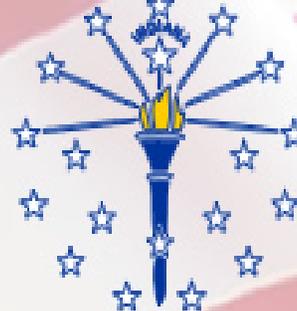
## Important considerations when making a choice

What is my maximum personal cost (premium *plus* maximum out-of-pocket)?

<b>Single</b>	Trad II	HDHP1	HDHP 2	Welborn
EE Premium	1,630.98	-----	502.32	858.78
Plan OOP	2,000.00	4,000.00	2,400.00	2,000.00
HSA Contribution	-----	(1,375.92)	(936.00)	-----
Maximum personal costs	3,630.98 + prescription co-pays	2,624.08	1,966.32	2,858.78+ all co-pays

**(worst case scenario)**

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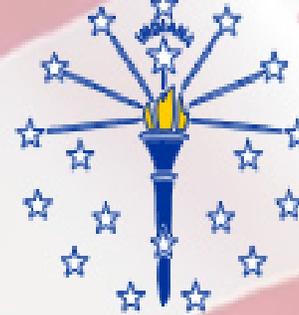
## Important considerations when making a choice

What is my maximum personal cost (premium *plus* maximum out-of-pocket)?

<b>Family</b>	Trad II	HDHP 1	HDHP 2	Welborn
EE Premium	4,806.36	-----	1,237.08	2,378.33
Plan OOP	4,000.00	8,000.00	4,800.00	4,000.00
HSA Contribution	-----	(2,750.28)	(1,870.44)	-----
Maximum personal cost	8,806.36 + prescription co-pays	5,249.72	4,166.64	6,378.33 + all co-pays

This reflects the MOST one would pay if one suffered a catastrophic medical event.

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## State pre-funding your HSA

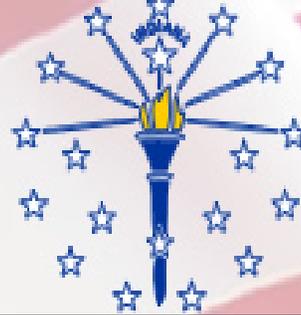
- Half of the state's annual HSA contribution will be deposited into your HSA account on the first pay of January 2009
- Remainder will be deposited in 26 equal installments each eligible pay period (if enrolled in HDHP by January 1, 2009).

		<u>Full contribution</u>	<u>Initial (1/2) contribution</u>	<u>Bi-weekly contribution</u>
HDHP 1	single	\$1,375.92	\$ 687.96	\$26.24
	family	\$2,750.28	\$1,375.14	\$52.89
HDHP 2	single	\$ 936.00	\$ 468.00	\$18.00
	family	\$1,870.44	\$ 935.22	\$35.97

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## Wellness program incentives available with participation

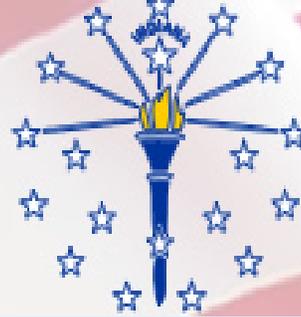
- **One Care Street (OCS) health perception survey (must complete survey and, if chosen, initial coaching call)**
  - **Single \$260.00 annually\***
  - **Family \$390.00 annually\***

**\*Paid in two equal installments – April and October**
- **Non-Tobacco Use declaration**
  - **\$500 credit to deductible**

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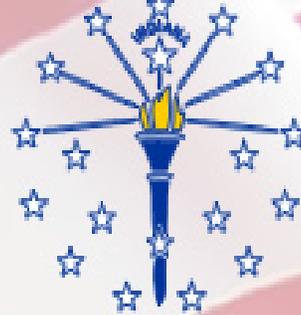
## HSA funding – Maximum IRS contribution limits

- Anyone can contribute to your HSA
- The limit on the amount that can be contributed to an HSA in 2009:
  - Single: \$3,000
  - Family: \$5,950
- If 55 or older, may contribute additional \$1,000 in 2009.

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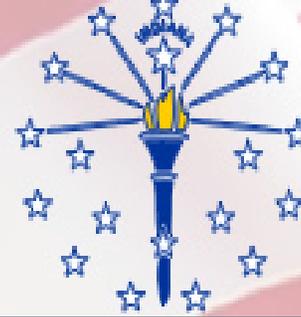
## HSA funding – tax benefits

- **Contributions to account are not taxed (true for state contributions, too)**
- **Withdrawals from account for qualified medical expenses are tax free**
- **Interest on account is tax free**
- **Tax consequences if use funds for other than health purpose prior to age 65 (Funds incur income tax plus penalty)**

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## Using funds from your HSA

- You will receive a debit card.
  - Can have other authorized signers
- You can request checks.
- You can pay provider directly with debit card or check.
- Or you can pay provider with other funds and then reimburse yourself from the account.
- No time restriction on when you use funds, except that the medical service must have occurred after your HSA was opened.
- You can use funds to pay medical expenses for any dependent, even if that person is not covered on your HDHP.

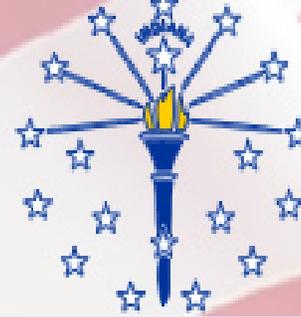
### Reminder:

- You cannot spend what is not there.
- You can use other sources and reimburse yourself once there is money in your HSA.
- You can contribute to your HSA and watch the balance grow quicker.

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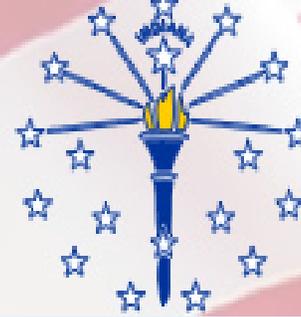
## More info on using funds – types of expenses?

- Any expense that is part of your deductible or co-insurance
- IRS eligible medical & dental expenses: <http://www.irs.gov/pub/irs-pdf/p502.pdf>
- Glasses
- Dental services
- Prescription drugs
- Qualified long-term care premiums
- COBRA premiums
- Medicare premiums, but not Medicare supplements
- Health insurance premiums during times of unemployment

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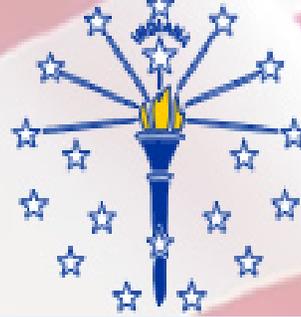


## HSA Financial Calculator

Compare effect of benefit plan choices and pay results  
by linking to:

<http://www.in.gov/spd/2527.htm>

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## **Case #1 – The Smith Family**

Family of 4

Married couple

2 school-age children – Abe and Maria

Mr. Smith had back surgery in April

All family members had annual physicals in January

Abe had strep throat in September and needed an antibiotic

Maria had a wart removed in December

Two additional prescriptions when Mr. Smith had surgery

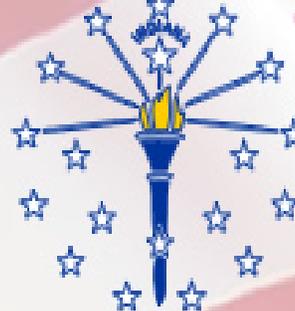
Which is best plan for the Smiths?

(They use network providers and participate in the non-tobacco incentive and One Care Street incentive)

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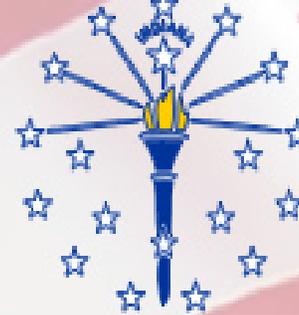


### Case #1 – The Smiths – HDHP 1 vs. Trad II

slide 33

Service	Network charge	HDHP 1	Trad II
4 annual physicals	\$400	0	\$80 co-pays
Routine labs w/physicals	\$250	0	0
Vaccines w/physicals	\$300	0	0
Out-patient hospital & surgery	\$14,500	<p><b>\$4,500* deductible</b> (\$5000 deductible <i>minus</i> \$500 non-tobacco-use incentive)  <b>\$8,000 MAX out-of-pocket</b>  <b>\$2,000** (balance of patient payments).</b> \$14,500 network charge – \$4,500* deductible = <b>\$10,000 balance; **20% of \$10,000 = \$2,000</b></p> <p>The <u>most</u> co-ins EE is responsible for: MAX out-of-pocket <i>minus</i> deductible : \$,8000 - \$4,500 = <u>\$3,500</u>.                      (This EE has not met Max OOP deductible.)</p>	\$250 co-pay
Dr. visit (Abe)	\$80	\$16.00	\$20
Antibiotic (generic)	\$24	\$2.40 (tier 1 drug @ 10% co-ins)	\$10 co-pay
Dr. visit (Maria)	\$120	\$24.00	\$20 co-pay
Prescriptions (2 brand)	\$150	\$30.00	\$40 co-pays
EE premium		0	<u>\$4,806.36</u>
<b>Total cost</b>		<b>\$6,572.40</b>	<b>\$5,226.36</b>
State's HSA contribution		- 2,750.28	-----
One Care Street		- 390.00	-390.00
<b>Net personal cost to employee</b>		<b>(\$3,432.12)</b>	<b>35 (\$4,836.36)</b>

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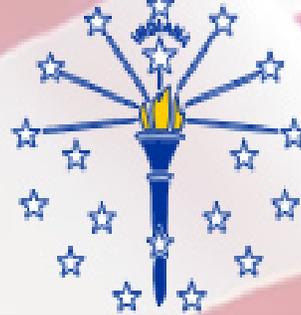
**Case #1 – The Smiths – HDHP 2 vs. Trad II**

Service	Network charge	HDHP 2	Trad II
4 annual physicals	\$400	0	\$80
Routine labs w/physicals	\$250	0	0
Vaccines w/physicals	\$300	0	0
Out-patient hospital & surgery	\$14,500	<p><b>\$2,900* deductible</b> (\$3,400 deductible <i>minus</i> \$500 non-tobacco-use incentive)  <b>\$4,800 MAX out-of-pocket</b>  <b>\$1,900** (balance of patient payments) \$4,800 - \$2,900* deductible</b>                      **The <u>most</u> co-ins EE is responsible for: MAX out-of-pocket <i>minus</i> deductible : \$4,800 - \$2,900 = <b>\$1,900</b>. Any amount greater than \$4,800 is covered in full by insurance carrier, i.e. 9,700 in this case.)</p>	\$250
Dr. visit (Abe)	\$80	\$0	\$20
Antibiotic (generic)	\$24	\$0	\$10
Dr. visit (Maria)	\$120	\$0	\$20
Prescriptions (2 brand)	\$150	\$0	\$40
EE premium		<u>1,237.08</u>	<u>4,806.36</u>
<b>Total costs</b>		<b>\$6,037.08</b>	<b>\$5,226.36</b>
State's contribution to HSA		- 1,870.44	-----
One Care Street		- 390.00	-390.00
<b><i>(Net personal cost to employee)</i></b>		<b><i>(\$3,776.64)</i></b>	<b><i>36 (\$4,836.36)</i></b>

State of Indiana Employees

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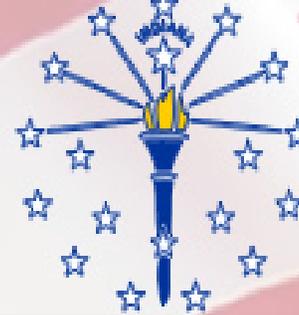
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## Case #2 – Jane Fox

- 25-year-old single woman
- Uses network providers
- Participates in non-tobacco and One Care Street incentives
- Has annual OB/GYN exam and one sick visit
- Takes birth control pills and one additional prescription
- Both prescriptions are brand drugs

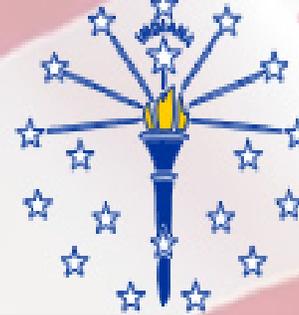
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Jane Fox – HDHP 1 vs. Trad II

Service	Network Charge	HDHP 1	Trad II
OB/GYN Annual	\$135	0	\$20 co-pay
OB/GYN Lab	\$30	0	0
Sick visit	\$100	\$100	\$20 co-pay
Birth Control Rx	\$360	\$360	\$240 co-pay
Rx – brand	\$90	\$90	\$20 co-pay
Deductibles not met			
EE premium		<u>0</u>	<u>1630.98</u>
<b>Total cost</b>		<b>\$550.00</b>	<b>\$1930.98</b>
State's contribution to HSA		- 1,375.92	- 0
One Care Street		- <u>260.00</u>	- <u>\$260.00</u>
<b><i>Net personal savings</i></b> <b><i>(Net personal cost to employee)</i></b>		<b>\$1,085.92</b>	<b>(\$1670.98)</b>

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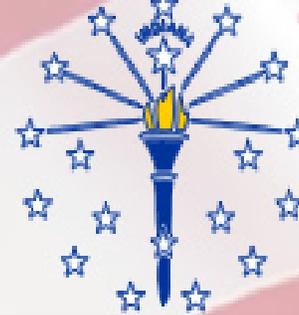
Jane Fox – HDHP 2 vs. Trad II

Service	Network charge	HDHP 2	Trad II
OB/GYN Annual	\$135	0	\$20
OB/GYN Lab	\$30	0	0
Sick visit	\$100	\$100	\$20
Birth Control Rx	\$360	\$360	\$240
Rx – brand	\$90	\$90	\$20
Deductibles not met			
EE premium		<u>\$502.32</u>	<u>\$1630.98</u>
<b>Total cost</b>		<b>\$1052.32</b>	<b>\$1930.98</b>
State's contribution to HSA		- \$936.00	0
One Care Street		- <u>\$260.00</u>	- <u>\$260.00</u>
<b><i>Net personal savings/ (Net personal cost to employee )</i></b>		<b>\$143.68</b>	<b>(\$1670.98)</b>

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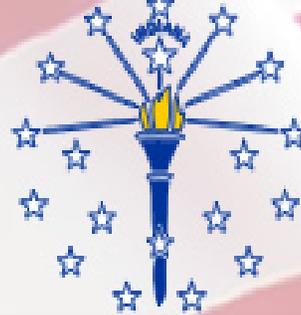
## Questions?

Web site: [www.in.gov/spd/benefits](http://www.in.gov/spd/benefits)

Benefits hotline: (317) 232-1167  
(Indianapolis)

(877) 248-0007 (outside Indianapolis)

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**THANK YOU FOR YOUR PARTICIPATION!**

**YOUR FEED BACK IS EXTREMELY  
IMPORTANT TO THE SUCCESS OF OUR  
BENEFITS EDUCATIONAL PROGRAMS**

**PLEASE SEND YOUR COMMENTS TO:**

**JMALOOLEY@SPD.IN.GOV**