

Western Area School Health Benefit Plan

\$3000 High Deductible Health Plan and Health Savings Account

Questions & Answers

Revised on 9/03/2013

- 1) Should I consider a \$3,000 High Deductible Health Plan in junction with a health savings account?**

If you are in good health, with minimal medical and/or prescription claims, in a strong financial position and beyond child bearing age you may want to consider this option.

- 2) What advantage would I gain from a High Deductible HSA plan?**

A potential savings in the premium cost, tax sheltered savings account to pay future claims while working and funds for future claims during retirement.

- 3) How do I create a High Deductible Savings Account?**

There are two components to an HSA plan. First, select the qualified \$3,000 High Deductible Health Plan option. Secondly, enroll in a Health Savings Account. See question #11. You are not required to open a Health Savings Account, but in order to reap the full benefits of the HSA program you would want to open one.

- 4) When can I first elect, as a current participant, into the WAS High Deductible Plan?**

Contact your school/agency's insurance representative during open enrollment (to be effective 10/1) or during the month December (to be effective 1/1)

- 5) Can I elect the optional vision and dental coverage in addition to the High Deductible Health Plan?**

Yes.

6) What is the difference between the \$3000 regular deductible plan and the \$3000 High Deductible Health Plan?

The Standard \$3000 Deductible Health Plan has all of the standard benefits of the \$750, \$1000, and \$2000 deductible plans. For example, pharmacy co-pays, PPO doctor office visit co-pays and 100% coverage for certain wellness/preventative benefits.

The \$3000 High Deductible Health Plan does not have any co-pays or coverage for pharmacy or medical claims until the \$3,000 deductible has been met. All prescriptions and medical expenses are applied to the \$3,000 deductible then all Plan benefits are payable at 100% after satisfaction of the PPO deductible, except that up to \$500 in routine wellness benefits otherwise payable by the Plan are payable before application of the deductible. In addition, routine mammograms and breast ultrasounds will be paid without application of the deductible even if the cost exceeds the \$500 wellness benefit.

7) Will I have any wellness benefits with the High Deductible Health Plan?

Yes, you will have a \$500 wellness benefit with the High Deductible Health Plan.

8) Will I have any prescription co-pays with my \$3000 High Deductible Health Plan?

No, all Prescription co-pays will be required to be submitted through the medical plan and will be applied to your deductible until the \$3,000 deductible is met. Once the \$3,000 deductible is met your Prescriptions will be covered at 100%.

9) If I elect the Standard \$3000 Deductible Health Plan program, can I have an HSA?

No, you cannot have an HSA with the Standard \$3000 Deductible, as it is not a qualified program.

10) If I elect an HSA, can I also be enrolled in a Flexible Spending Account (FSA)?

If you are contributing to an HSA, you are no longer eligible to either contribute or receive non-medical claim or child care reimbursements from an FSA program. Even if the reimbursements are from a previous year FSA election (during a grace period); you are ineligible to receive reimbursements from the FSA.

11) What Bank must I use for the HSA Account?

MidAmerica National Bank
130 North Side Square
Macomb, IL 61455
309-833-4111

For assistance, ask for a Personal Banking Representative.

12) What are the current terms of MidAmerica's HSA Account?

MidAmerica has an initial \$100.00 deposit required to open an HSA account and an ongoing \$4.00 monthly fee.

The interest rate paid on an HSA account is based upon the current tiered rates on a MidAmerica NOW checking account.

13) How will my health claims be processed?

If you have a healthcare expense you will need to submit the claims through the normal medical claims process to Consociate. The WAS Plan will internally process the medical claim and send you and your provider an Explanation of Benefits explaining how the claim was paid and any patient responsibility you should have. You should never pay a provider up front for services received as often times if you are in-network there is a behind the scenes discount negotiated and you could potentially pay more than your true patient responsibility.

14) How do I receive reimbursements from the bank?

The account owners have the option of ordering checks and/or use a debit card to pay the portion of the medical bill not covered by the Health Plan. The customer must pay for the checks. It is the participant's responsibility to ensure only qualified expenses are submitted for reimbursement. If a participant is ever audited, it is the participant's responsibility to prove to the IRS that the expense was an eligible expense. The Bank will report to the IRS on form 1099-A any HSA distributions you request.

15) What is the tax penalty if I use my HSA funds for something other than qualified medical expenses?

The funds are reportable income with a 20% tax penalty. It is our recommendation that you contact your tax advisor for any questions concerning penalties and related topics you may have.

16) What are my options at retirement?

Retain the HSA funds and use them to pay qualified medical expenses.

17) Are the HSA contributions deposited Pre-Tax?

Yes, HSA contributions are deducted from your paycheck and thus deposited Pre-Tax into your account. Your employer must have available a Section 125/Cafeteria Plan to make the pre-tax salary reduction contributions in behalf of your HSA Plan.

If your employer does not have available a Section 125/Cafeteria Plan, you may be able to tax deduct your personal HSA contributions. It is our recommendation that you consult your tax advisor on this matter.

18) How much can I deposit into my HSA account?

For plan tax year 2014: \$3300 for self only coverage or \$6550 for family coverage. HSA accounts are complex and deposit limits can vary from year to year and upon your age. It is our recommendation that you contact your tax advisor for any contribution limit questions and related topics you may have.

19) Can I move from the HDP back into a traditional Plan and when?

You can move from the High Deductible Health Plan back into a traditional plan when you have a qualified change of status, during open enrollment, or during the month of December with the change in coverage effective January 1st.

20) Who is not eligible for an HSA Plan?

An individual enrolled in Medicare Part A or Part B may not contribute to an HSA. But mere eligibility for Medicare does not preclude HSA contributions. An individual may not contribute to an HSA for a given month if he has received medical benefits through the Department of Veterans Affairs within the previous three months. Mere eligibility for VA medical benefits will not disqualify an otherwise eligible individual from making HSA contributions.

21) If my spouse has a non-HDHP would that prohibit me from getting an HDHP?

Generally, no. As long as your spouse's non-HDHP does not cover you, you remain an eligible individual and can participate in an HSA. If your spouse had a family non-HDHP and you were not exempted from that coverage then you would not be an eligible individual and would not be able to participate in an HSA. However, if, for example, your spouse had a family non-HDHP to cover himself and your two children only, then you would still be eligible to open an HSA.

22) Who do I contact at Consociate Dansig if I have questions regarding my High Deductible Health Plan?

Please contact Consociate Customer Service at (800) 798-2422.

23) Who do I contact if I have questions regarding my HSA?

Please contact MidAmerica National Bank at (309) 833-4111 and ask to speak with a Personal Banking Representative.