



THE 2019  
**EASY GUIDE**

TO UNDERSTANDING YOUR  
**CONSUMER'S CHOICE PLAN**



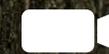
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## The Plan that Gives You More...

The Premera CCP is a Consumer's Choice Plan that gives you **more**:

- **more money in your paycheck** from lower monthly premiums
- **more ways to reduce taxes** with a tax-free Health Savings Account (HSA)
- **more flexibility** in how you choose and pay for healthcare services
- **more opportunities** to build long-term healthcare and retirement savings



Click the image below to watch a short video

HIGH DEDUCTIBLE HEALTH PLAN



# CCP at a glance

**Lower monthly contribution than our other medical plan**

**Higher deductible**

**Free in-network preventive care**

**Comprehensive medical and prescription drug coverage**

**Use tax-free Health Savings Account (HSA) to offset deductible**

## HSA: Your savings partner

When you enroll in the CCP, you get a Health Savings Account (HSA) funded with tax-free contributions from you and the City (based on 2018 Wellness Level).

This is important because with the CCP you pay for 100% of your medical costs (except for preventive care) until you reach the annual deductible.

You can use the money in your HSA for your deductible and any other eligible medical expenses you have throughout the year or any time in the future.

Your HSA balance never expires—there's no “use it or lose it” rule. You keep the account even if you leave the City, and any balance earns interest.



# Your CCP and HSA put you in control of healthcare spending

- **Preventive care is a no brainer.** Keep up with your annual checkups without worrying about the cost since preventive care is fully covered in-network.
- **Use your HSA for many different health expenses**—regular office visits, prescriptions, lab tests, acupuncture, chiropractic adjustments—even dental care, glasses and contacts.
- **You don't have to spend your HSA.** If you'd rather save your HSA for a potential large expense down the road, feel free to pay small medical costs from your bank account. If you change your mind, you can always get reimbursed from your HSA later.
- **Your HSA gives you flexibility** to visit any doctor, hospital or lab of your choice, even out-of-network providers.
- **You can shop around.** Healthcare is like any other purchase. If you have the time, it pays to shop around for the best quality and price.



# Your HSA helps you save on federal taxes

NO TAX  
on HSA  
contributions

NO TAX  
on eligible HSA  
withdrawals

NO TAX  
on HSA interest  
and investment  
earnings

T A X F R E E

Some states tax HSA contributions and/or earnings. Click this box for more about federal and state tax savings.





## Your HSA boosts your retirement savings plan

- **Your HSA is your long-term health fund.** The balance rolls over year after year so you can use it for healthcare expenses 30 days or 30 years from now.
- **Your HSA is a smart addition to your retirement savings plan.** Your post-retirement healthcare spending will be tax-free when you use your HSA. And after age 65, you can use HSA dollars for non-health expenses too (subject to ordinary income tax).
- **You can invest your account balance.** After you reach a minimum balance, you can invest your funds, just like a 401(k) or IRA. You have a number of investment options to choose from.



## Is this plan right for ME?

Do you typically only visit the doctor for your preventive tests and exams (mammogram, bloodwork, etc.)?

Do you want more control over your out-of-pocket medical costs and help meeting your annual deductible?

Do you meet your deductible every year?

Do you have very low out-of-pocket medical costs every year?

Are you nearing retirement and looking for another way to bank some tax-free savings?

Do you want to pay less for your monthly medical premium?

Did you answer YES to one or more questions? This plan may be a good match for you.

## Your annual healthcare needs are unique—just like you

The HSA takes into consideration the fluctuations most people have in their health care needs. One year you might visit the doctor only for your annual checkup. Another year, you might make several trips to the doctor or even need surgery.

An HSA gives you a multi-year approach to health care planning. Money not spent today can grow in your HSA until that “rainy day” when you need it.



# HOW MUCH CAN YOU CONTRIBUTE TO AN HSA?

## ALLOWABLE HSA CONTRIBUTIONS (PER YEAR)

	Employee Coverage	Family Coverage
The City Contribution	\$1,500	\$1,500
+		
Your Pre-Tax Contributions	\$2,000	\$5,500
=		
2019 IRS Annual Maximum	\$3,500	\$7,000

In addition to the City contribution, you can contribute money to your HSA, up to the total annual amount allowed by the IRS. If you're 55 or older, you can contribute \$1,000 **more** each year.



# Important Plan Highlights

Preventive Care

**PLAN PAYS 100%** (In-network)

Before Meeting Deductible

**YOU PAY 100%** (\$2,000 Employee Only / \$4,000 Family)  
Deductible for any one individual enrolled in family coverage is \$4,000

After Meeting Deductible

**PLAN PAYS 100%**

After Meeting Out-of-Pocket Max

**PLAN PAYS 100%** (After \$2,000 Employee Only / \$4,000 Family)

## Your Cost (Per Month)

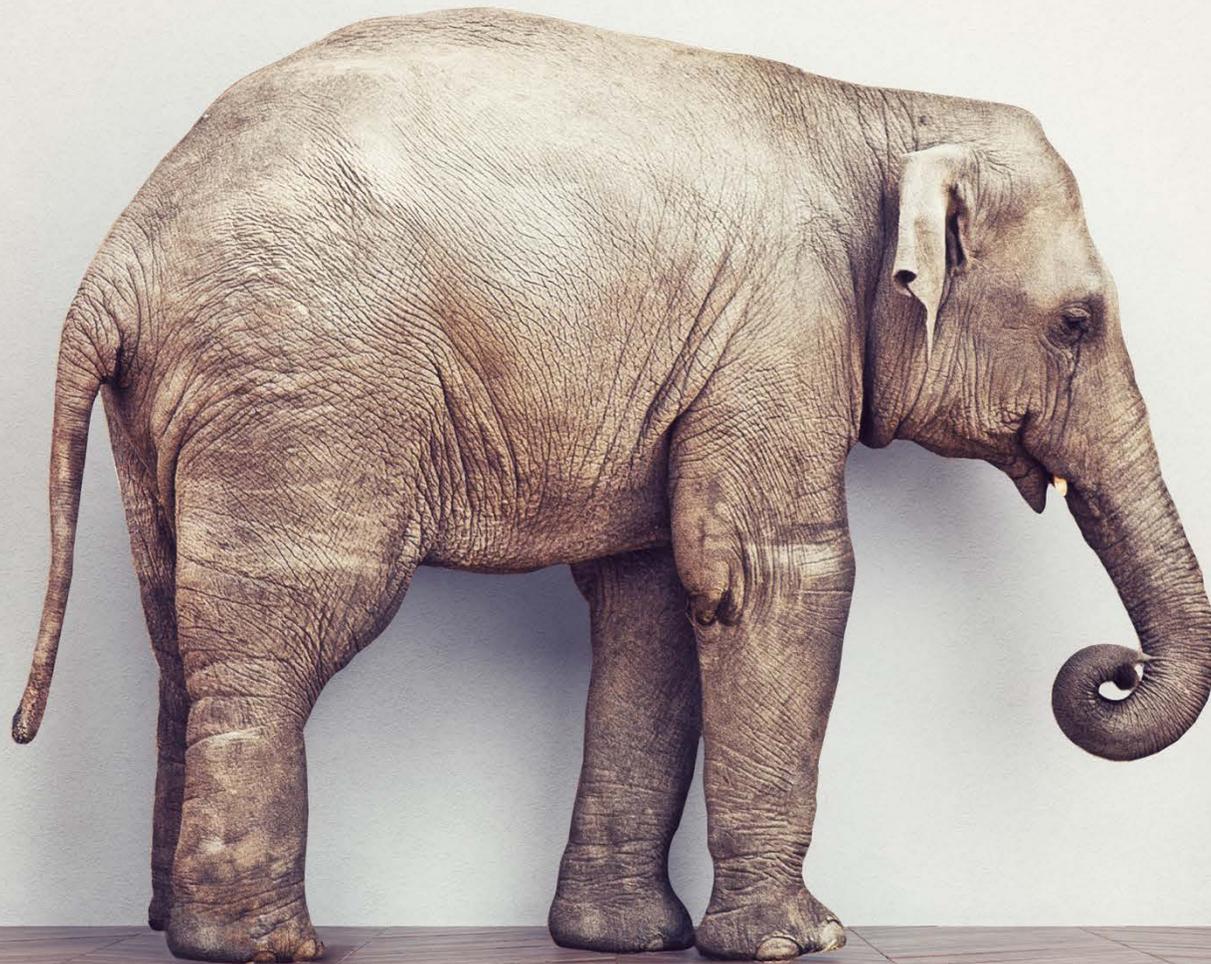
Employee Only	\$0.00
Employee + Spouse	\$0.00
Employee + Children	\$0.00
Employee + Family	\$0.00



Refer to your enrollment materials for additional plan details.



**Can we talk about the elephant in the room?**



**What about that DEDUCTIBLE?**



# It all comes back to the HSA...



At first, many people have deductible “sticker shock,” but many features of the CCP partially or completely offset your deductible and other healthcare costs:

- **You pay less in premiums**, allowing you to use the money you save for other things, including funding your HSA.
- **The City helps you cover your deductible** with contributions to your HSA based on your Wellness Level achieved in 2018.
- **The IRS sets a generous annual limit** on how much you can contribute to your HSA.
- **You get significant tax benefits.** HSA contributions, withdrawals and earnings are free from federal tax. (A few states tax HSA contributions or earnings.)
- **Your HSA balance rolls over every year.** What you don't spend continues to grow, with interest.



Can you give me some examples?



### Marco: Healthy Single Guy

Marco's costs were very low throughout the year. He had his annual checkup (fully covered), and he got contacts. He did not meet his deductible.

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	\$1,500	HSA deposit from the City
+	\$2,000	Marco's HSA contributions
=	<b>\$3,500</b>	<b>Total HSA Deposits</b>
-	\$300	Contacts (\$200 covered by VSP, remaining \$100 paid w/ HSA)
=	<b>\$3,400</b>	<b>HSA balance rolls over to next year</b>

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### Nia: Working Mom with Family

Nia covers her whole family. They visited the doctor often because life happens! Even though her family's expenses were higher, she did not meet her deductible.

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	\$1,500	HSA deposit from the City
+	\$5,500	Nia's HSA contributions
=	<b>\$7,000</b>	<b>Total HSA Deposits</b>
-	\$2,000	Sniffles, sneezes & sprains
=	<b>\$5,000</b>	<b>HSA balance rolls over to next year</b>

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## Jack: Weekend Warrior

Jack's off-road trip went a little more off the road than he planned. His knee surgery totaled \$6,300 so he exceeded his deductible. Here's how his health plan benefits (employee-only coverage) and HSA worked together to cover his costs.

### CCP Plan Benefits

	\$2,000	Jack's in-network deductible
+	\$0	Jack's additional coinsurance costs
=	<b>\$2,000</b>	<b>Jack's total out-of-pocket</b>
+	\$4,300	Covered by insurance
=	<b>\$6,300</b>	<b>Total knee surgery cost</b>

### HSA Usage

	\$1,500	HSA deposit from the City
+	\$2,000	Jack's HSA contributions for the year
=	<b>\$3,500</b>	<b>Total HSA Deposits</b>
-	\$2,000	Paid for medical costs
=	<b>\$1,500</b>	<b>HSA balance rolls over to next year</b>

# Three easy ways to grow your HSA

- 1** If you will save on monthly premiums by enrolling in the CCP, put the savings into your HSA.
- 2** If you usually set aside money for medical expenses in a healthcare Flexible Spending Account (FSA), direct those dollars to your HSA instead.
- 3** If you get a pay increase or bonus, direct a portion of it towards your HSA.



**What else do I  
need to know?**



# How can I spend my HSA?

## Common Eligible Expenses

### Medical Services

- Coinsurance/copays
- Lab tests, X-rays, scans
- Ambulance
- Acupuncture
- Chiropractic
- Alcohol/substance abuse treatment
- Fertility treatment
- OB/GYN exams and fees
- Childbirth classes
- Lactation supplies
- Hearing tests

### Medical Equipment

- Crutches, walkers, and wheelchairs
- Arches and orthotic inserts
- Syringes
- Nebulizers
- Hearing aids

### Dental

- Exams, cleaning, and X-rays
- Extractions and fillings
- Periodontal services
- Oral surgery
- Orthodontia/braces
- Dentures and bridges

### Vision

- Exams
- Prescription eyeglasses, sunglasses, and contact lenses
- Laser eye surgery

### Therapy

- Counseling
- Occupational, physical and speech therapy
- Smoking cessation program

[CLICK HERE FOR A DETAILED LIST OF ELIGIBLE EXPENSES](#)



## Over the Counter (OTC) Items

### Eligible without a prescription

- Denture adhesives, repair and cleansers
- Diabetes testing and insulin
- Ear care
- Elastic/athletic treatment
- Contact lens care
- First-aid dressings and supplies
- Foot care treatments
- Hearing aid and other medical batteries
- Incontinence supplies (Depends, Serenity, etc.)
- Pregnancy/ovulation kits
- Prenatal vitamins
- Reading glasses
- Walking aids

### Eligible only with a prescription

- Acne medications
- Allergy, cold, cough, flu and sinus medications
- Antifungal medications
- Baby rash ointments and creams
- Burn remedies, antiseptics and wound cleaners
- Cold sore remedies
- Hemorrhoid remedies
- Homeopathic remedies
- Motion sickness
- Pain relievers, sleep aids and sedatives
- Stomach remedies (anti-gas, acid control, etc.)
- Vitamins and nutritional supplements

## Common Ineligible Expenses

- Cosmetic surgery or procedures
- Electrolysis
- Hair loss medication
- Insurance premiums
- Marriage or career counseling
- Teeth whitening
- Toothbrushes and toothpaste
- Vitamins/supplements

**MORE  
INELIGIBLE  
EXPENSES**



# How do I pay with my HSA?

You can use your HSA like a checking account to pay for qualified medical expenses as long as you have enough money in your account to cover them. If your provider is billing you, wait until you have a statement from your insurance carrier showing exactly how much of the charge you're responsible for.

## Debit Card

You will receive a debit card that you can use at the doctor's office, pharmacy, etc. Use this just as you would a debit or credit card. Charges will be deducted from your HSA account.

## Reimburse Yourself

If you paid your provider out-of-pocket, you can request reimbursement from your account. Refer to your HSA partner's website for rules and instructions.

[Go to HSA website](#)



# HSA Eligibility Rules

## For You

To be eligible to make deposits to an HSA:

- You must currently be enrolled in an HDHP such as the City's Consumer's Choice Plan (CCP).
- You may not be enrolled in any other non-HDHP health coverage, except for accident, disability, dental or vision, or long term care coverage.
- You may not have a general purpose flexible spending account (FSA) or be eligible to use one (such as a spouse's FSA). Limited purpose FSAs, which cover dental and vision expenses only, are allowed.
- You cannot be claimed as a dependent on another person's tax return.
- You may not be enrolled in Medicare, Medicaid or Tricare.

## For Your Adult Dependents

- Your HSA may be used to pay for eligible expenses for you and for your legal tax dependents (people listed on your federal income tax return).
- While you can cover dependent children on your health plan up to age 26, this does not extend to HSA spending. When your adult child is no longer a tax dependent, any HSA distributions for the child would be subject to taxes and penalties.
- If both you and your Domestic Partner are enrolled in the CCP, you may each set up an HSA and contribute the full individual amount. However, you may not use your HSA for your partner's expenses (and vice versa).



**SEE HOW  
LIFE  
EVENTS  
AFFECT  
YOUR HSA**



# IRS Tax Rules

## Non-Qualified Medical Expenses

If you use your HSA for a non-qualified medical expense, you may owe taxes plus a 20% tax penalty on that amount. If you are age 65 or older or disabled at the time, you just pay your regular tax rate but no penalty on non-qualified withdrawal amounts.

## Keeping Records

Keep all your receipts for your HSA transactions for at least three years. This proves that you used your funds for qualified medical expenses and provides documentation in case you are audited by the IRS.

## State Taxes

Most states do not tax HSA contributions or earnings. AL, CA and NJ tax HSA contributions. NH and TN tax HSA earnings (but not contributions).

## Excess Contributions

If you contribute over the IRS limit in one year, you will have to pay tax plus 6% on the excess. To avoid additional taxes, you can withdraw the excess amount before the April 15 tax filing deadline or direct the excess toward the next year's contributions.

## HSA Beneficiaries

If you name your spouse as your HSA beneficiary, your spouse will inherit your account and it will become your spouse's HSA. If your beneficiary is not your spouse, the account will no longer be considered an HSA and becomes taxable to the beneficiary.

**Consult a tax advisor for guidance on how these rules may affect you.**



# Helpful Online Resources

Click on any of the circles to open online resources that have more information for you.

**HSA vs FSA**  
What's the difference?



**Are your doctors in-network?**

**Compare CCP to another Plan**

**Premera Blue Cross**

**Healthcare Terms Glossary**

**Healthcare Cost and Quality Information**





The EASY Guide to  
Understanding Your  
Consumer's Choice Plan  
is brought to you by



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