

## **High Deductible Health Plan / Health Savings Account (HDHP/HSA)**

### **2025 Overview of HDHP/HSA**

	Deductible	Design	Maximum OOP	
HDHP	\$3,100 Single \$4,620 EE/CH \$6,195 Family	All charges, including Inpatient Hospital covered at 75% after deductible is satisfied*  25% coinsurance after deductible is satisfied until Out of Pocket Maximum is reached*	\$4,725 Single \$7,090 EE/CH \$9,450 Family	<ul style="list-style-type: none"> <li>• 75% coinsurance promotes effective consumerism for other services</li> <li>• Preventative care not subject to deductible; \$0 copay.</li> <li>• Employee contribution less than DevMedical.</li> <li>• Includes Prescription and Mental Health coverage (In-network only)</li> </ul> <p>*Entire family deductible of \$5,900/Out-of-Pocket \$9,000 must be satisfied rather than simply \$2,950 per individual</p>
Health Savings Account	Employee Contributions; up to annual max  Self: \$4,300 Family: \$8,550			<p>Encourages employees to save for future health care expenses (including retirement).</p> <ul style="list-style-type: none"> <li>• \$1,000 catch-up for those aged 55-64; may continue catch-up after 65 if not enrolled in Medicare.</li> <li>• Tax advantage in that HSA monies can roll over from one year to the next without being lost. NO use it or lose it!</li> <li>• Account is an individually owned account; employees can take with them if and when they leave Devereux.</li> </ul>
Health and Wellness Incentive	Contributions, if participating and eligible.			<p>Encourages continued wellness activities</p> <ul style="list-style-type: none"> <li>• Devereux Contributions: <ul style="list-style-type: none"> <li>▪ Single: \$5/pay</li> <li>▪ Two or more: \$10/pay</li> </ul> </li> </ul>

#### **Why would I choose this plan option?**

- You are in good health or have extensive medical or Rx bills;
- You are interested in paying lower bi-weekly contributions;
- You choose to save the difference in contributions that you would pay under Medical and put into an HSA and never pay tax on it or its earnings and will receive Devereux contribution to HSA if you meet the program requirements.
- You can afford the risk of having to pay the deductible if you incur medical expenses.

## FREQUENTLY ASKED QUESTIONS

- Q: Is the network of providers the same as in the other Blue Cross plans?  
 A: Yes, you can use any in-network physicians or pharmacies. In-network physicians can be accessed at [www.ibx.com](http://www.ibx.com); prescription drugs are filled using any retail pharmacy or you can use mail order for additional savings.
- Q: What is the process to enroll in this plan?  
 A: The employee:
  - Enrolls in benefits through Oracle Self Service Benefits
  - Employees must enroll in the HSA and enter the contribution amount if they wish to voluntarily contribute to the HSA, or if the employee qualifies for Health and Wellness Program credit, they can enter \$0. If an employee does not wish to voluntarily contribute and is not qualified for the Health and Wellness Program incentive credit, they do not need to enroll in the HSA.
- Q: What is the maximum amount I can contribute to my HSA?  
 A: The maximum amount you can save during 2025 is \$4,300 for employees with single coverage and \$8,550 for employees with two-person or family coverage. The plan allows an additional \$1000 catch-up contribution for those people who are age 55-64. If you are turning 55 in the year, you may contribute the whole amount. These maximum limits include both employee and employer contributions.
- Q: How will I know how much money is in my HSA account?  
 A: You will receive a monthly bank statement of transactions but may always check your account on-line at [www.optumbank.com](http://www.optumbank.com).
- Q: Can I make all of my personal contributions to the HSA plan over the 1<sup>st</sup> few pays of the year, rather than throughout the year so that I can pay for my deductible? Can all of the Devereux contributions, assuming I'm qualified for the Health and Wellness Program incentive, also be made in the 1<sup>st</sup> few pays of the year?  
 A: Yes, under a section 125 plan, you can “front-load” employee contributions to the HSA over the first few pays of the year up to the maximum amount. For example, if you choose to contribute \$2000 to the HSA, you can elect to contribute \$500 for the 1<sup>st</sup> four pays of the year so that all \$2000 is available for paying deductibles, out of pocket costs, etc. Employer contributions cannot be “front-loaded”. They will be distributed over 26 pays in the year.
- Q: If I am hired mid-year and am over 55, can I still take advantage of the “catch-up contribution?”  
 A: Yes, you can take advantage of the catch-up contribution but the catch-up would be pro-rated.
- Q: What will happen to my HSA money if I can't use it by the end of the calendar year?  
 A: Unlike a traditional medical flexible spending account, you will not lose your money at the end of the calendar year. There is no ‘use it or lose it’ provision with an HSA. HSA dollars are rolled over from year to year to be used for qualified medical expenses. Even if you decide to leave Devereux, you will not lose your HSA money. The money can be taken with you.
- Q: What can be purchased with HSA dollars?  
 A: HSA money can be used to cover the deductible or coinsurance amounts under your HDHP plan. In addition, HSA dollars can be used to cover all expenses covered under a traditional medical flexible spending account plan (hearing aids, eyeglasses, etc). Please note that only medical, mental health/substance abuse and prescription purchases will be applied to the deductible and out of pocket costs under the HDHP plan. If you exhaust your HSA dollars on dental claims and eye care, for example, you would be responsible for paying any remaining deductibles/out of pocket expenses.
- Q: Can I use my HSA dollars to pay my health insurance premiums?  
 A: No, in most cases, health insurance premiums are NOT counted as qualified medical expenses for your HSA. Your premiums for Devereux Medical, and Dental plans are already pre-tax. However, the following types of health insurance premiums are exceptions and ARE considered qualified medical expenses:
  - Premiums for long term care insurance
  - Premiums for COBRA coverage
  - Premiums for health coverage while an individual is receiving unemployment compensation
  - For individuals over age 65, premiums for Medicare Part A or B, a Medicare HMO and employee share of premiums for employer-sponsored retiree health insurance.

- Q: How much do I pay for prescriptions under the HDHP plan?  
A: The employee is responsible for 100% of expenses until the deductible is met. However, all prescriptions will receive the Blue Cross pricing. Once the deductible is met, then employees pay 75% for prescriptions up to the out of pocket maximum.
- Q: Do I earn any interest on my money in the HSA account? Are there any bank fees?  
A: Yes. The HSA is an interest bearing account. You earn interest on any money in your account greater than \$1.00. Once your account reaches a specific level, there are also additional investment options. There is a \$1.35 fee that Devereux pays while you are employed. You will see the charge and credit on your bank statement.
- Q: Is the interest earned on my contributions also tax free?  
A: Yes, as long as you use the money in your HSA for qualified medical expenses or roll it over from year to year.
- Q: Can I continue to use my HSA if I leave Devereux and am enrolled in COBRA?  
A: When an employee and dependents become eligible for COBRA, they can take the HSA account with them. The employee can still contribute monies to the HSA and keep it for as long as they want. The employer is no longer obligated to contribute money or be responsible for administrating the HSA when the employer or dependents are eligible for COBRA.
- Q: How do I access the funds in my HSA account?  
A: Once you fund your HSA, you will receive a free debit card. This card provides you with quick and easy access to the money in your HSA. In addition, you can also request a checkbook that you can use to pay for expenses. There may be a fee for this. Please note that you can only withdraw money that is currently in your account. Unlike a medical flexible spending account, you can not withdraw your entire HSA election prior to the dollars being contributed to your account.
- Q: How do I take withdrawals from my HSA?  
A: You can take tax-free withdrawals/distributions from your HSA to pay for qualified medical expenses at any time during the year. However, you do not have to make withdrawals from your HSA each year. Your contributions remain in your HSA from year-to-year until you use them.
- Remember that if you make withdrawals for non-qualified medical expenses, or for other reasons, the amount withdrawn will be subject to income tax and may be subject to an additional IRS excise tax.
- Q: Do I need to keep copies of my receipts for HSA purchases?  
A: Yes, you should still keep copies of all HSA receipts in the event of an IRS audit and the need to validate an expense as a qualified medical expense. Remember, if you use your HSA funds for something other than a qualified medical expense, you will have to pay tax on this.
- Q: What happens to my HSA when I die?  
A: If you're married, your spouse becomes the owner of the HSA. If you're not married, the account will no longer be an HSA, but the funds will pass to your beneficiary or become part of your estate and be subject to any applicable taxes.
- Q: What happens if I incur a \$500 claim at the beginning of the year but only have \$200 in my HSA to cover the expense?  
A: You could use the \$200 to pay a portion of the \$500 claim. You would then be responsible for paying the remaining \$300 out of your pocket. However, once you accumulate another \$300 in your HSA account, you can reimburse yourself for the past claim. You will receive a free debit card from Optum. You can access funds in your HSA by check, transfer, or by cash withdrawals. Receipts of all expenditures should be maintained to prove withdrawals were for qualified medical expenses in case of an IRS audit.
- Q: If I'm enrolled in the High Deductible Health Plan, how do I know how much my doctor's office visit will cost? Do I have to pay the full amount of the visit or the contracted Blue Cross rate?  
A: If you enroll in the High Deductible Health Plan and the HSA and go for a doctor's visit, you will have to provide your Blue Cross medical card. The doctor's office will then submit the visit to Blue Cross. You will then receive an Explanation of Benefits (EOB) and a bill for the amount that you are responsible for. You can then use your HSA card to pay for it.
- Q: Can I withdraw money from my HSA for other expenses?

- A: Yes, but you must report the amount as taxable income + you must pay a tax penalty if you're under the age of 65.
- Q: What happens to the money in my HSA after I turn 65?
- A: You may continue to use the funds tax-free for qualified medical expenses; you may not continue depositing funds into an HSA if you enroll in Medicare. If you do not enroll in Medicare, you may continue deposits into the HSA. When you enroll in Medicare, you can use the funds to pay Medicare premiums, deductibles, co-pays, and coinsurance under any part of Medicare. You can also use the funds to pay for other expenses that are not medical expenses. If used in this way, the withdrawn amount will be considered taxable income but there will be no penalty.
- Q: What are "qualified medical expenses"?
- A: They're defined by IRS code 213(d). They include doctor visits, hospital expenses, prescriptions, hearing aids, wheelchairs, organ transplants. A full list is found in IRS Publication 502.
- Q: Do I need to itemize on my federal tax return? How do I report my HSA distributions on my tax return?
- A: You do not have to itemize to receive the tax deduction. If you used a distribution from your HSA for qualified medical expenses, you do not pay tax on the Distribution, but you do have to report the distribution on IRS Form 888g. In addition, there is a 10% additional tax penalty IF THE DISTRIBUTION WAS NOT USED FOR A QUALIFIED MEDICAL EXPENSE AND ARE UNDER THE AGE OF 65. You are required to report the additional tax in the Other Taxes section of your IRS Form 1040. Please note that there is no additional excise tax due if you are disabled, age 65 or older, or die during the year. Follow the instructions for the form and attach to your IRS Form 1040. You must also report and pay an additional tax on your IRS Form 1040, unless you meet one of the exceptions established by the IRS. You will need to contact the IRS or your accountant for more information on the exceptions.
- Q: How are distributions from my HSA taxed?
- A: If you use distributions from your HSA exclusively to pay for qualified medical expenses, they may be excluded from your gross income. This is generally true even if your HSA distributions are used during a time that you are not eligible to make contributions to your HSA. It is important to remember that any portion of a distribution not used exclusively to pay for qualified medical expenses must be included in the gross income of the account beneficiary and is subject to an additional 10% tax. Exceptions are made in cases of distributions made after an account beneficiary's death, disability, or attainment of age 65.
- Q: Are HSA withdrawals monitored to make sure they are for qualified medical expenses?
- A: No, the account holder is responsible for determining if withdrawals are for qualified medical expenses. If the IRS questions any withdrawals, it is the sole responsibility of the account holder to prove those expenditures were for qualified medical expenses.
- Q: May I add rollover contributions to my HSA?
- A: Devereux policy does not currently allow rollover contributions to be made to the HSA.