

# High Deductible Health Plans

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## Health Savings Accounts



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*High Deductible Health Plan  
(HDHP)*

# What is a High-Deductible Health Plan (HDHP)

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- A medical and prescription plan with an up-front deductible applicable to all eligible medical and pharmacy expenses except for preventive care.
- This plan can be combined with a Health Savings Account (HSA) if you meet the eligibility requirements.

# HDHP Non-Deductible and Out-of-Pocket Maximum

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- There is a \$1,650 individual / \$3,300 family deductible and \$3,000 individual and \$6,000 family out of pocket maximum
- There is **no** individual limit built into the family deductible or out of pocket maximum.

## Example:

- Employee incurs \$1,650 in deductible expenses on Feb 1<sup>st</sup>
- Spouse incurs \$1,000 in deductible expenses on Sept 1<sup>st</sup>
- Child incurs \$650 in deductible expenses on Sept 10<sup>th</sup>

Coinsurance/copay coverage begins on Sept 10<sup>th</sup> because the full \$3,300 family deductible is met

Once the family reaches the \$6,000 out of pocket maximum, services for **all** family members are covered at 100% for the remainder of the calendar year

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# *Health Savings Account (HSA)*

# Health Savings Account

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- An HSA is an individually owned back account that allows you to set aside pre-tax dollars to pay for qualified out of pocket expenses.
- The employer and employee can make tax-free deposits into an HSA.
- Any unused funds roll over year to year.
- You decide how and when to use the money available in the account.
- HSAs can be used to cover:
  - Insurance deductibles, copays and coinsurance
  - Qualified health care expenses (including dental & vision)
- 2025 HSA contribution limit is a flat dollar amount
  - \$4,300 for individual \*
  - \$8,550 for family \* } for 2025
- Wesleyan HSA contributions for employee plus child(ren), employee plus spouse (or domestic partner), and family is \$1,000 and the employee only contribution is \$500. This is accounted in the contribution limit noted above.
- Those age 55 or over can contribute an additional \$1,000 annually.








# Why choose an HSA?

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## Easy win in today's complex health care system:

- Save now:
  - HDHP have lower monthly insurance premiums
  - HSA deposits are made on a pre-tax basis
  - Typically lowers income tax liability
- Save for the future:
  - HSA funds rollover from year to year, no “use it or lose it” feature
  - No overall fund maximum
  - You keep the money even if you change jobs or insurance plans
  - Tax-free interest earned
  - Comprehensive and easy investment options
- Same doctors, same network

# Who is eligible for a HSA?

	Eligible	Ineligible
Enrolled in High-Deductible Health Plan		
Enrolled in non-HDHP plan, such as OAPIN/OAP		
Enrolled in Medicare or TRICARE		
Received VA or Indian Health Services benefits in last 3 months		
Enrolled in a full Flexible Spending Account (FSA), or covered under spouse/partner's FSA		
Individual or spouse/partner participating in HRA		
Claimed as dependent on another's tax return		



# HSA – How it Works

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## At the Doctor's Office

1	Receive Services	Continue to use network providers for the best value
2	Provider bills Health Plan	
3	Health Plan sends Explanation of Benefits (EOB)	HSA administrator also receives this information from the Health Plan
4	Provider sends statement	
5	Employee pays provider	Can pay with HSA debit card, pay direct via online payment at <a href="http://www.mycigna.com">www.mycigna.com</a> (click Visit your HSA bank), or pay from personal account and request reimbursement from HSA Bank

# HSA – How it Works

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## At the Pharmacy

1	Obtain Prescription	
2	Pharmacy verifies insurance coverage	
3	Pay for your prescription	Can pay with HSA debit card, or pay from personal account and request reimbursement from HSA Bank

# How to contribute to your HSA

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- Make pre-tax contributions through payroll deductions
  - Change your payroll contributions at any time
  - Employer match will only be available to match pre-tax payroll deductions
- Make post-tax contributions directly to HSA Bank online or by sending a check. You can then deduct when filing your taxes.
- Can make contributions until April 15<sup>th</sup> for the previous tax year



# Earning Interest & Investing in HSA Account

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- Wesleyan-sponsored HSA account with HSA Bank is FDIC insured and pays a tiered interest rate.
- The rates are subject to change by HSA Bank at any time.
- Once the cash balance in your account grows to over \$1,000, excess can be transferred to an investment account (mutual funds)
  - The Investment account is no longer FDIC insured

## More on Investing in HSA Account

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- If your HSA cash balance falls below the \$1,000 investment threshold, no additional investments can be made until your cash balance exceeds the investment threshold
- Reimbursements for healthcare expenses cannot be paid from the investment side of your account.
- To use investment funds to pay for claims, you must sell investments. Proceeds from the sale are automatically deposited to your HSA cash balance within 3-5 business days

Contact the Benefits Team if you have any questions at  
[benefits@wesleya.an.edu](mailto:benefits@wesleya.an.edu)

