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## United Healthcare HDHP + Health Savings Account (HSA)

The United Healthcare HDHP is a high-deductible health plan (HDHP) that provides medical coverage with lower monthly paycheck contributions than the other options available to you.

When you enroll in the HDHP health plan you can sign up for a health savings account (HSA), administered by Optum Bank. The HSA helps you set aside money for current *and* future qualified health care expenses that aren't covered by your medical plan. The City of Merriam (City) currently contributes to the account as long as you're enrolled in the HDHP health plan — up to **\$75.00 bi-weekly** (depending on the coverage you elect). You can also make contributions to your HSA — and you can change your election during the year.

When you combine the high-deductible health plan with a health savings account, you have far greater control over how you spend your health care dollars.

### How the United Healthcare HDHP Health Plan works

- As with all City – sponsored medical plans, preventive care services such as annual check-ups, immunizations and age-appropriate screenings are covered 100%.
- If you become ill or injured and need medical services and/or a prescription, you pay for those services out of pocket or with the money in your HSA. What you pay reflects rates that have been negotiated with providers by the medical plan carrier—you are not paying retail prices.
- The deductible for the HDHP health plan is \$3,000 for employee-only coverage and \$6,000 for family coverage when you use in-network providers. (The deductible is higher if you use out-of-network providers.) If you reach the deductible, you will pay no health care costs (excluding prescriptions) for the rest of the plan year and United Healthcare pays 100% (excluding prescriptions). See the section below for details about how the HSA can help you cover these expenses. If you have health care expenses (prescription copays) above and beyond the out-of-pocket maximum associated with the plan (\$4,000 for employee-only coverage, \$8,000 for family coverage), the plan will cover 100% of the costs until the end of the plan year.

### Key Terms

**Deductible:** The amount you must pay each year before the plan will begin paying for eligible expenses.

**In-network:** A defined group of providers that supply health care services, usually at a discounted rate.

**Out-of-pocket maximum:** The highest or total amount your plan requires you to pay toward the cost of your health care. Once you reach your out-of-pocket maximum, the plan pays 100% of the costs.

### How HSAs work

After enrolling in the HDHP health plan, you can open a Health Savings Account (HSA), administered by Optum Bank. When you do, you choose how much you'd like to save in your HSA each year, and contributions are automatically made from your paycheck to your account. You can change your contribution rate at any time during the year. You can contribute to the account in lump-sum amounts through electronic funds transfers or by personal check through April 15 of the following year—the same



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day you file your taxes—for the current tax year. And your family members or others can contribute to the account on your behalf.

The City contributes up to **\$75.00 bi-weekly** (depending on the coverage you elect) to your personally owned HSA account through Optum Bank when you are enrolled in the United Healthcare HDHP plan.

The money in your account rolls over from year to year, so you won't lose your unused balance at the end of the year like you would with a flexible spending account (FSA). Best of all, your HSA balance is yours to keep even if you change medical plans or leave the City.

The money you save in your HSA is tax free. The money you contribute isn't taxed, nor is the money taxed as your balance grows. As long as you use the money to pay for qualified medical expenses, you won't pay taxes when you withdraw it either.

**Using your HSA is easy!**

You'll receive an Optum Bank debit card that you can use to pay for qualified health care expenses not covered by the high-deductible health plan. Simply swipe the card at the pharmacy or for other health-related services and the associated cost will be debited from your HSA balance. Or use your card to pay doctor's visit bills once the claim has been submitted to your insurance carrier so that you receive the negotiated rates for services. Save your receipts, since you may need them if the IRS requests that you show proof of how you used your tax-free money. When you cannot use your debit card and you must pay for expenses out of your own pocket, you can reimburse yourself from your HSA.

You can also choose to pay for current expenses out of your pocket and save the money in your HSA to pay for future expenses. How you use your account and when you use it are entirely up to you.

**How the United Healthcare HDHP health plan and the HSA work together**

<p><b>1. Preventive Care</b> The plan pays 100% in-network, without having to satisfy a deductible. You pay nothing when you receive eligible preventive care services from network providers.</p>	<p><b>2. Deductible</b> You pay 100% until eligible medical and prescription drug bills total the deductible amount.</p>	<p><b>3. Cost Sharing</b> You pay copays for eligible expenses (such as prescriptions). The plan picks up the rest.</p>	<p><b>4. Full Coverage</b> The plan pays 100% of your costs, once your portion of your eligible annual medical bills adds up to the out-of-pocket maximum.</p>
<p><b>Use your Health Savings Account to cover the deductible and cost sharing</b> You can save tax free and use the money toward your eligible expenses, including your deductible and cost sharing. Or let it grow for the future. You also get FREE money from the City.</p>			



## Important Reminders!

### 1. You can open an HSA as long as you meet certain eligibility requirements:

- You must be enrolled in a qualified high-deductible health plan, such as the United Healthcare HDHP health plan.
- You cannot be:
  - Covered by another health plan (for example, a spouse's plan) that is not a high-deductible health plan
  - Enrolled in Medicare, TRICARE or TRICARE for Life
  - Eligible to be claimed as a dependent on someone else's tax return
  - A recipient of Veterans Affairs benefits within the past three months

### 2. You must open the account yourself. If you don't, you'll miss out on free money from the City —up to **\$75.00 bi-weekly** (depending on the coverage you elect)—and you will not be able to make pretax contributions. Opening the account is easy! Simply go to [www.optumbank.com](http://www.optumbank.com), select “Enroll Online” and follow the instructions to open your account.

### 3. If you have an HSA, you cannot be enrolled in the traditional health care flexible spending account (including coverage under your spouse's flexible spending account). You may only have a “limited purpose” health care flexible spending account (FSA). Eligible expenses with a limited purpose health care FSA include most unreimbursed dental, vision and/or hearing care expenses (including expenses for your dependents), and out-of-pocket medical expenses you paid after you met your plan deductible.

### 4. The City will contribute to your HSA bi-weekly and you can make voluntary contributions pre-tax through payroll deduction.

### 5. Use your balance only for qualified expenses. You can't take a loan from your HSA. If you use the money in your account to pay for non-qualified expenses, those funds will be subject to income taxes and may also be subject to a 20% penalty. You can find the list of qualified expenses at [www.irs.gov](http://www.irs.gov).

## Choosing the right medical plan for you and your family

### Things to consider

The medical plan options cover many of the same services, but they differ in cost, deductibles, copays or coinsurance, and delivery of care. The right fit depends on your personal situation and your budget.

You might want to consider enrolling in the United Healthcare HDHP plan if any of the following are true for you:

- Your doctors and providers are in the network.
- You are paying for insurance you're not using.
- You want an option to save for current and future health care expenses.
- You want to save on monthly premiums and take more control over how you use your health care benefits.
- You anticipate major health expenses that would exceed the out-of-pocket maximum associated with the United healthcare HDHP health plan.

