2016 High Deductible Health Plan & HSA Frequently Asked Questions

The College offers two High Deductible Health Plans (HDHPs) as options for coverage along with the Bowdoin College PPO Health Plan. All three plans are administered by Anthem and offer the same network of providers. The high deductible plans include an individual Health Savings Account (HSA) that is partially funded by the College. HSA funds can be withdrawn, tax free, to offset the higher deductible.

- **High Deductible Health Plan (HDHP)**
- **Health Savings Account (HSA)**
- **Medical Flexible Spending Account (FSA)**

**What is a High Deductible Health Plan (HDHP)?**

As the name implies, a HDHP is a health insurance plan that has a higher deductible – the amount of medical expenses you pay each year before coverage kicks in. While the deductible is higher with this type of plan, the employee contributions (the regular amount you pay each pay period for the coverage) is typically lower than a traditional health plan. High deductible plans don’t begin to pay the cost of medical expenses until after you’ve met the deductible.

**What happens when you meet the deductible in a HDHP?**

Preventive services are covered at 100% in-network along with a list of basic preventive prescriptions also covered at 100% (not subject to the deductible). All other covered services (including prescription drugs) are subject to the deductible before the Plan pays a portion of the cost. Once you meet the deductible, you and the Plan share the cost of your care (coinsurance) until you have reached the out-of-pocket maximum limit. Once the out-of-pocket maximum is reached, the plan pays 100% for the remainder of the calendar year.

**What are the prescription drug benefits in a HDHP?**

Certain preventive prescription drugs (from a list of approved medications) are covered at 100%. All other in-network pharmacy services are covered at 80% after the deductible.

**What are the deductibles and out-of-pocket maximums for each plan?**

<table>
<thead>
<tr>
<th>Dedicuble</th>
<th>Preferred In-Network (Facilities)</th>
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<tbody>
<tr>
<td></td>
<td>$1,500 per Individual</td>
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<tr>
<td></td>
<td>$3,000 per Family</td>
<td>$5,200 per Family</td>
</tr>
<tr>
<td>Coinsurance</td>
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<td>Services are covered at 80% after the deductible</td>
</tr>
<tr>
<td>Out-of-Pocket Maximum</td>
<td>$3,000 per Individual</td>
<td>$6,550 per Individual</td>
</tr>
<tr>
<td></td>
<td>$6,000 per Family (deductible + coinsurance)</td>
<td>$10,000 per Family (deductible + coinsurance)</td>
</tr>
<tr>
<td>OA Centers for Orthopaedics <em>(Office and Physical Therapy Visit Charges)</em></td>
<td>*Preferred In-Network Deductible, Coinsurance and Out-of-Pocket Max listed above.</td>
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</tr>
</tbody>
</table>
### Preventive Services
- Covered at 100%

### Deductibles
- $1,500 per Individual
- $3,000 per Family
- $2,600 per Individual
- $5,200 per Family

### Coinsurance
- Services are covered at 80% after the deductible

### Out-of-Pocket Maximum
- $3,000 per Individual
- $6,000 per Family
  (deductible + coinsurance)

<table>
<thead>
<tr>
<th>Deductibles</th>
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*Out-of-Network coverage is subject to maximum allowances – balance billing allowed.*

### How do the deductibles and out-of-pocket maximums for Family coverage work?

Family coverage is considered any of the following tiers: Employee + Spouse, Employee + Child(ren) or Employee + Family. The deductible is the amount of money you pay out-of-pocket within a calendar year before the plan begins to make any payments. The out-of-pocket maximum is the most you will have to pay within a given calendar year for health care services. Once the out-of-pocket maximum is reached, the plan pays 100% for the remainder of the calendar year. It is important to understand that the deductibles and out-of-pocket maximums work differently between HDHP Option #1 (which has a non-embedded deductible and out-of-pocket maximum) and HDHP Option #2 (which has an embedded deductible and out-of-pocket maximum).

**HDHP Option #1 (Non-Embedded):** HDHP Option #1 has an individual deductible of $1,500 and a family deductible of $3,000. With a non-embedded (or aggregate) deductible the plan does not begin to make payments until the entire family deductible is met. This can be by claims from one person in the family or a combination of claims from the entire family. The plan does not begin to pay 100% until claims from one person or a combination of claims from the entire family have met the family out-of-pocket maximum of $6,000.

**HDHP Option #2 (Embedded):** HDHP Option #2 has an individual deductible of $2,600 and a family deductible of $5,200. With an embedded deductible the plan begins to make payments as soon as one
member of the family has claims that reach the individual deductible. The remaining $2,600 towards the family deductible of $5,200 could be satisfied by another family member or a combination of claims from other family members. This is also true of claims incurred towards the out-of-pocket maximum, which is $6,550 per individual and $10,000 per family. If one person in the family incurs significant claims, that one family member’s claims are subject to no more than the individual deductible and the individual out-of-pocket maximum.

**Who will administer the HDHPs and which providers will be in-network?**

The PPO plan and the HDHPs are all administered by Anthem and use the same network of preferred and non-preferred in-network facilities and providers and cover the same services.

**Who are the new Preferred In-Network providers?**

The College is concerned about employees’ health and well-being and wants to make sure we get the best value for the money that you and the College spend on healthcare while also finding facilities in our community that provide quality care. When you obtain care from a preferred in-network facility you will have lower out-of-pocket costs. Effective January 1, 2016 the following facilities (hospitals) are included as preferred:

- Lincoln County Healthcare (Damariscotta)
- Maine Coast Memorial Hospital (Ellsworth)
- Maine Heart Center (Portland)
- Maine Medical Center (Portland)
- MaineGeneral Health (Augusta/Waterville)
- Mid Coast Hospital (Brunswick)
- New England Rehabilitation Hospital (Portland)
- OA Centers for Orthopaedics (Brunswick/Portland/Windham/Saco)
- Pen Bay Medical Center (Rockport)
- Southern Maine Health Care (Biddeford)
- Spring Harbor Hospital (Westbrook)
- St. Mary’s Regional Hospital (Lewiston)
- Stephens Memorial Hospital (Norway)
- Waldo County General Hospital (Belfast)
- York Hospital (York)

**What are the monthly employee contributions for the PPO plan and the HDHP options for 2016?**

Employee with an annual salary of $43,000 and under:

<table>
<thead>
<tr>
<th>PPO Health Plan</th>
<th>HDHP Option 1</th>
<th>HDHP Option 2</th>
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</thead>
<tbody>
<tr>
<td>Employee - $81</td>
<td>Employee - $53</td>
<td>Employee - $30</td>
</tr>
<tr>
<td>Employee + Child(ren) - $273</td>
<td>Employee + Child(ren) - $198</td>
<td>Employee + Child(ren) - $169</td>
</tr>
<tr>
<td>Employee + Spouse - $376</td>
<td>Employee + Spouse - $291</td>
<td>Employee + Spouse - $230</td>
</tr>
<tr>
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<tr>
<td>Employee - $87</td>
<td>Employee - $56</td>
<td>Employee - $33</td>
</tr>
<tr>
<td>Employee + Child(ren) - $297</td>
<td>Employee + Child(ren) - $212</td>
<td>Employee + Child(ren) - $182</td>
</tr>
<tr>
<td>Employee + Spouse - $409</td>
<td>Employee + Spouse - $310</td>
<td>Employee + Spouse - $249</td>
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<td>Employee + Family - $409</td>
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What is a Health Savings Account (HSA) and what are the advantages?

A HSA is a tax-advantaged medical savings account available to individuals enrolled in a HDHP. HSAs are like individual savings accounts, but the money in them is used to pay for health care expenses. You own the money in your HSA account even if you change jobs or dis-enroll in one of the HDHP options. You control how your HSA money is spent. Any unused money at the end of the calendar year rolls over (stays in your account) to the next year. You don’t pay taxes on money going into your HSA or when the money is withdrawn for qualified medical expenses.

Who is eligible to make or receive HSA contributions?

You must be enrolled in one of the HDHP options in order to participate. As the HSA account holder, the high-deductible plan must be your only health insurance – you can’t be covered by any other health insurance including Parts A and/or B of Medicare or receiving Social Security benefits. In addition, you can’t be covered by a spouse’s medical Flexible Spending Account (FSA) or Health Savings Account (HRA) if the funds in your spouse’s FSA or HRA can be used to reimburse your qualified medical expenses. Having dental, vision, disability or long-term care insurance doesn’t disqualify you from having an HSA. Employees age 65 or older can contribute to an HSA (and receive an employer contribution) as long as the employee is not receiving Medicare or Social Security benefits. Enrollment in Medicare Part A is automatic for people receiving Social Security benefits. This is why an individual receiving Social Security benefits is not eligible to make or receive HSA contributions. On the other hand, an employee who is eligible to receive Social Security (or Medicare) benefits but does not actually enroll to receive those benefits remains eligible to make or receive HSA contributions.

How is my HSA funded?

For employees enrolled in one of the HDHP options, the College will make a contribution to your HSA (outlined below for calendar year 2016). In addition, eligible employees are also encouraged to make contributions to the account through pre-tax payroll deduction.

<table>
<thead>
<tr>
<th>College’s 2016 HSA Contribution for Employee’s Enrolling in HDHP Option #1</th>
<th>College’s 2016 HSA Contribution for Employee’s Enrolling in HDHP Option #2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Only Coverage - $750</td>
<td>Employee Only Coverage - $1,250</td>
</tr>
<tr>
<td>Employee + Child(ren), Spouse or Family - $1,500</td>
<td>Employee + Child(ren), Spouse or Family - $2,500</td>
</tr>
</tbody>
</table>
How is my HSA funded if the effective date of my HDHP coverage is not January 1st?

For new employees or other qualified events allowing enrollment in one of the HDHP options during the calendar year, the College’s HSA contribution will be pro-rated based on the number of full months during the calendar year the employee was enrolled in one of the HSA eligible HDHP options through the College.

How is my HSA funded if both my Spouse/Partner and I both work at Bowdoin?

If you and your spouse/partner are both benefits eligible employees of the College and one enrolls in employee only coverage and the other enrolls in employee + child(ren) coverage your combined HSA contribution from the College will not exceed the family contribution ($1,500 for HDHP Option #1 and $2,500 for HDHP Option #2).

When will the College’s contribution go into my HSA account?

Employees enrolling in one of the high-deductible plans will receive additional information after enrolling about how to open their HSA accounts through Fidelity’s NetBenefits site. Eligible employees must establish a login with Fidelity and setup the account online before employer and/or employee contributions can be directed to the account. In calendar year 2016 the College will fund the entire contribution amount during the 1st available pay date following the date the employee’s HSA account has been established and confirmed by Fidelity as being available to accept contributions.

How much can I contribute in calendar year 2016?

In addition to employer contributions you may contribute to an HSA. The IRS sets the contribution limits for HSAs. In calendar year 2016 the single contribution limit is $3,350 and the family contribution limit is $6,750. The total of the College’s contribution plus your contribution must be within the contribution limits established by the IRS. HSA contribution limits are based on the type of coverage you elect. For example, the annual contribution limit for a married employee enrolled in self-only HDHP coverage is the individual HSA contribution limit. The annual contribution limit for an employee who is not married but is enrolled in any coverage other than self-only coverage is the family HSA contribution limit. You are responsible for understanding and making sure you do not exceed the contribution limit. This information is detailed in IRS Publication 969: Health Savings Accounts and other Tax-Favored Health Plans, http://www.irs.gov/pub/irs-pdf/p969.pdf.

Can I ever contribute more than the annual limit?

If you are 55 or older at any time during the calendar year and are not enrolled in Medicare you are eligible to contribute an additional $1,000 above the regular limits. This is called a “catch-up” contribution and can be made each year until you enroll in Medicare. Only the account holder can make this catch-up contribution and it may be pro-rated if you are enrolled in a HDHP for less than 12 months.

Are there additional rules to consider in determining my HSA contribution limit?

If you are covered by a HDHP by December 1st of a given year, you may contribute the maximum for that calendar year (employer and employee contributions combined). For example, you could begin coverage as a new employee and open a HSA in November of a given year. Come December 1st, you are
covered and considered an eligible employee for that full year. This allows you to contribute up to that year’s full contribution limit. This is called the “Last Month Rule”. However, if you use the Last Month Rule, you must remain an eligible individual (covered by a HDHP) for the following 12 months. If you fail to remain an eligible individual (change insurance plans or lose insurance coverage) any “extra” contributions you made as a result of the Last Month Rule will become taxable to you and subject to 10% penalty.

**How can contributions to my HSA help me pay for my deductible and other out-of-pocket costs?**

Any unused money (both employer and employee) left in your HSA at the end of the calendar year rolls over (stays in your account). Employee contributions (the regular amount you pay each pay period for the coverage) to one of the HDHP options are lower than the traditional PPO plan option. The College encourages you to consider taking this contribution savings and directing it as an employee contribution towards your HSA account to assist you in paying for the higher deductible associated with the HDHP options. This combined with the College’s contribution can help you save money to pay for your health care expenses now and into retirement.

**Must the medical expense be incurred during the calendar year that the contribution is made?**

No. However, reimbursements from your HSA cannot be made for expenses incurred prior to the establishment of the HSA account.

**Who administers my HSA and can I invest my HSA funds?**

The College has partnered with Fidelity Investments to administer the Health Savings Accounts. You will be able to view your account online through Fidelity’s NetBenefits (the same site used to view/make changes to your Fidelity retirement plan account or supplemental account held at Fidelity). The contributions are held in a core account. Funds in the core account are used to pay for medical expenses. Over time as your core account balance grows you will have the option of investing a portion of the funds in a Fidelity Brokerage account across a wide range of investment options (minimum balances apply).

**How do I access my HSA funds?**

Fidelity will issue you a debit card for your account. An HSA checkbook can be issued by Fidelity upon request. You can view your account balance anytime through Fidelity’s NetBenefits.

**Can I withdraw money from a HSA for nonmedical expenses?**

Yes, but if you withdraw funds for nonmedical expenses before you turn 65, you have to pay taxes on the money and a 20% penalty. If you take money out after you turn 65, you don’t have a penalty, but you must still pay taxes on the money. You are responsible for understanding the uses and tax rules of your HSA. This information is detailed in IRS Publication 969: Health Savings Accounts and other Tax-Favored Health Plans, [http://www.irs.gov/pub/irs-pdf/p969.pdf](http://www.irs.gov/pub/irs-pdf/p969.pdf).
Where can I find a list of what the IRS considers “qualified expenses” for my HSA?

Qualified medical expenses are detailed in IRS publication 502: Medical and Dental Expenses, http://www.irs.gov/pub/irs-pdf/p502.pdf. The same medical expenses are considered “qualified expenses” for a health savings account as for a flexible spending account.

If my child is on my spouse’s insurance at another employer, can I pay for my child’s healthcare expenses out of my HSA?

You can pay the healthcare expenses for anyone who is a dependent on your taxes, regardless of what health plan that dependent is enrolled in.

Can I use my HSA for my adult child’s healthcare expenses?

While the Affordable Care Act allows parents to add their adult children (up to age 26) to their health plans, the IRS has not changed its definition of a dependent for health savings accounts. This means that an employee whose 24-year-old child is covered on his HSA-qualified high-deductible health plan is not eligible to use HSA funds to pay that child’s medical bills. If the account holders can’t claim a child as a dependent on their tax return, then they can’t spend HSA dollars on services provided to that child.

What happens to unused money left over in my HSA at the end of the calendar year or if I change jobs?

Your HSA funds roll over from year to year and accumulate in the account until you are ready to use them. All contributions (both yours and the College’s) in the HSA belong to you even if you change jobs or dis-enroll in one of the HDHP options.

Are there any administrative fees associated with my HSA account?

The College will pay the annual administrative fee associated with your HSA account as long as you are an active employee of the College and enrolled in one of the HDHP options. If you dis-enroll in one of the HDHP options or leave employment of the College you are responsible for any HSA administrative fees charged by Fidelity.

Can I rollover an existing HSA account into my Bowdoin HSA account?

Yes, the Bowdoin HSA accounts will allow rollovers. Fidelity will assist you in this process.

Can I have a HSA account and still contribute to a Medical Flexible Spending Account (FSA)?

If you enroll in one of the HSA-qualified high-deductible health plans, you are eligible to make contributions (up to the annual limit of $2,500) to a “limited” use FSA. A limited use FSA can only be used for qualified expenses in connection with dental and vision services. If you enroll in the PPO medical plan option, you are eligible to make contributions (up to the annual limit of $2,500) to a “full” use FSA. A full use FSA can be used for all qualified expenses in connection with medical, dental and vision services. Qualified medical expenses are detailed in IRS publication 502: Medical and Dental Expenses, http://www.irs.gov/pub/irs-pdf/p502.pdf.
Is there a rollover provision on a “limited” use medical FSA?

Yes, like a full use medical FSA, a limited use FSA allows you to rollover up to $500 of your unspent account balance into the next calendar year. If you are eligible for a full use medical FSA in one calendar year and then in the following calendar year you are eligible for a limited use FSA, the rollover goes into a limited use FSA. The same is true in the reverse scenario. The rollover goes into the type of medical FSA (full use or limited use) that you are eligible for in the following calendar year.

Is the HDHP/HSA option right for me?

Like any health care option, HDHP/HSA plans have advantages and disadvantages. As you weigh your options, think about your budget and what health care you’re likely to need. If you’re generally healthy and want to save for future health care expenses, a HSA may be an attractive choice. The contributions are made on a pre-tax basis and HSA funds can be used to offset costs of medical care into retirement.