

Health Reimbursement Account (HRA) Health Plan Option



Agenda

- Why a new Health Plan Option?
- What is an HRA?
- How Does an HRA Work?
- Tools to Help You
- Questions



Why a New Health Plan Option for 2014?

Proprietary and confidential document

Why a New Health Plan Option?

- ▶ Employers and employees struggle with increasing health care costs every year.
 - Declining health, yet we're living longer
 - Poor consumer choices
 - Increasing plan costs due to the Affordable Care
- ▶ Due to the ACA, some people are looking for a less expensive option
- ▶ Employees have asked for more choices

What we need to Change?

- ▶ Improve health and wellness
 - ▶ Know the status of your health
 - ▶ Follow your doctor's advice
 - ▶ **Your choices impact your cost, and everyone else's cost**
- ▶ More knowledgeable and responsible consumers of healthcare
 - ▶ Understand the value of the tests and treatment you are receiving
 - ▶ Discuss options with your physician
 - ▶ Comparison shop, and don't feel embarrassed about it
 - ▶ **Educate yourself**

Keeping Coverage Affordable

- ▶ Typically, fewer than 30% of us have enough claims to reach our annual deductible
- ▶ You can keep your out-of-pocket costs affordable by being a smart consumer and taking care of your health.

New Plan Choice for 2014

▶ **Choice between two Health Plan Options:**

▶ **Plan A: Current Plan**

- ◆ Traditional PPO Plan with copays

▶ **Plan B: New High Deductible Plan with a Health Reimbursement Account (HRA)**

- ◆ Higher deductible plan with a spending account that accumulates funds from contributions by the City of South Bend

What is an HRA?

What is an HRA?

HRA: Health Reimbursement Account

- ▶ An account maintained for you and funded by your employer to help pay medical expenses that are applied to your annual health insurance plan deductible.
- ▶ An HRA is paired with a health insurance plan that has a higher deductible, and therefore a lower premium cost.

High Deductible Health Insurance Plan

The HRA Insurance Plan – **Single Coverage:**

- ▶ **Annual Deductible: \$2,500**

- Claims accumulate to meet the Deductible and, once met, the plan Coinsurance applies

- ▶ **Coinsurance: 80%**

- the patient pays 20% of the next \$12,500 of claims:
 $\$12,500 \times 20\% = \$2,500$

- ▶ **\$2,500 Deductible + \$2,500 Coinsurance =**

\$5,000 Out-of-Pocket Maximum for the year.

- Once the Out-of-Pocket Maximum is met, the plan pays 100% for the remainder of the year.

High Deductible Health Insurance Plan

The HRA Insurance Plan – **Family Coverage:**

Family = One or more dependents

▶ **Annual Deductible: \$5,000**

- Claims accumulate to meet the Deductible and, once met, the plan Coinsurance applies

▶ **Coinsurance: 80%**

- the patient pays 20% of the next \$25,000 of claims: $\$25,000 \times 20\% = \$5,000$

▶ **\$5,000 Deductible + \$5,000 Coinsurance =**

\$10,000 Out-of-Pocket Maximum for the year.

- Once the Out-of-Pocket Maximum is met, the plan pays 100% for the remainder of the year.

Health Insurance Plan Details

- ▶ Family Deductible, Out-of-Pocket Maximum, and HRA Funds are aggregate amounts for the entire family.
 - Can be met/used by any combination of one or more covered person(s) within the family.
 - The single deductible and out-of-pocket maximum do not apply within the family.
- ▶ No Copays

Office Visits & Prescription Drugs are covered the same as any other expense, subject to the annual deductible, coinsurance, and out-of-pocket maximum
- ▶ You pay only the Anthem PPO Discounted amount

Plan Comparison

In-Network Benefits	Option 1 – Current COSB PPO Plan	Option 2 – High Deductible HRA Plan
Annual Deductible – Single	\$750	\$2,500
Annual Deductible – Family	\$2,250 (but no more than \$750 per individual)	\$5,000 (must be fully satisfied by one or more family members)
HRA – Funded by City of South Bend	None	\$500 – Single \$1,000 – Family
Coinsurance	20%	20%
Out-of-Pocket Maximum (including Deductible)	\$3,000 (X 2 Family)	\$5,000 (\$10,000 Family)
Office Visit Copay	\$30 PCP / \$40 Specialist	None – Subject to Deductible & Coinsurance
Urgent Care Copay	\$50	None – Subject to Deductible & Coinsurance
Preventive Care	No Cost	No Cost
Prescription Drugs	20% / 30% / 40% copay	Subject to Deductible & Coinsurance

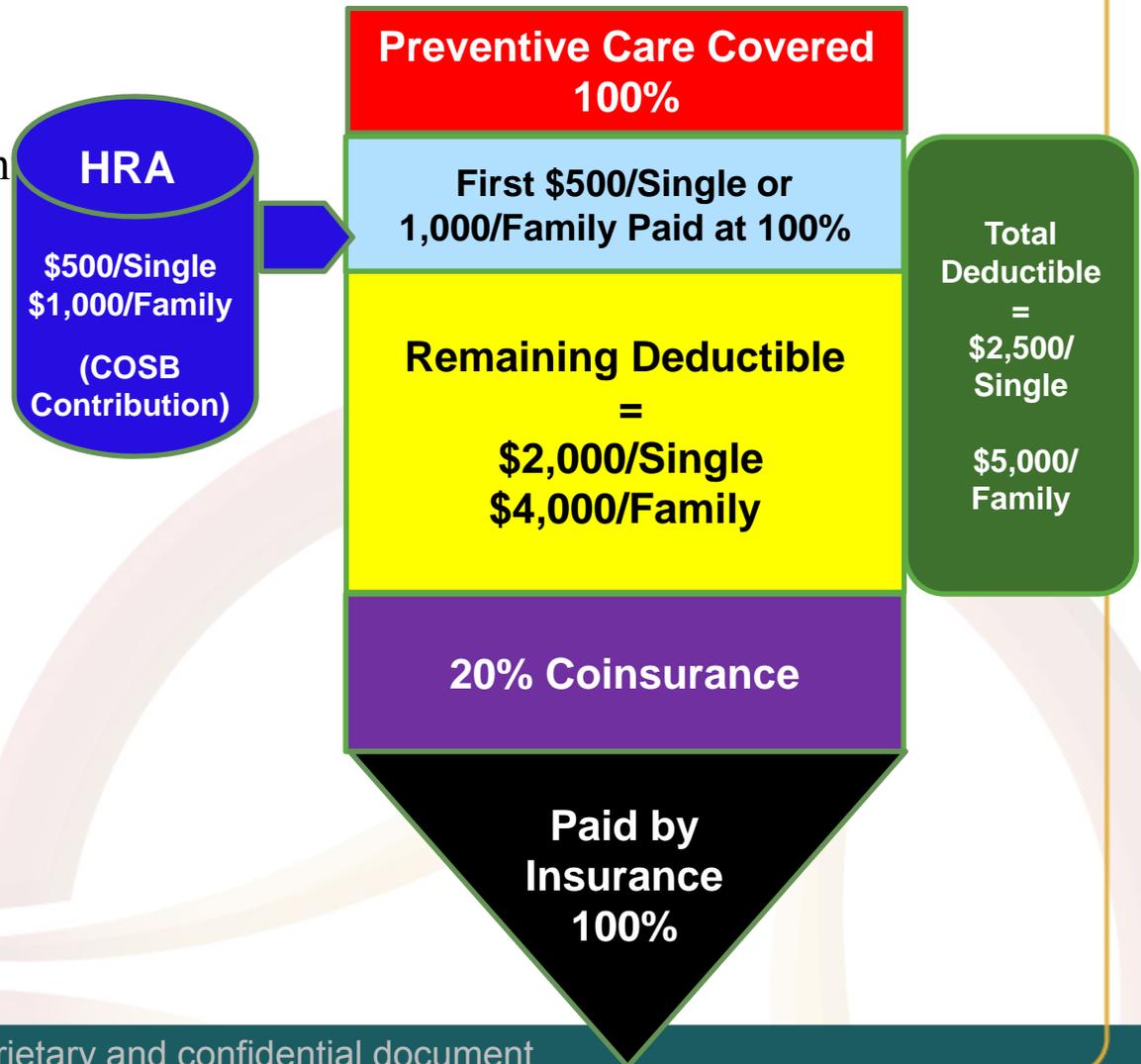
Both Plans for 2014

- ▶ Cover Preventive Care at 100% - deductible does not apply
- ▶ Have access to the same Anthem Blue Cross PPO network of doctors & hospitals
- ▶ Have an unlimited maximum benefit
- ▶ Cover the same types of services
- ▶ Exclude the same types of services

How Does an HRA Work?

How Does an HRA Work?

- A Health Reimbursement Account (HRA) is coupled with a high deductible health insurance plan
- Any available HRA funds are used to pay the first \$500/\$1,000 of expenses applied to the annual deductible.
- Office visits & prescription drugs apply to deductible, but are paid with HRA funds, if available.
- **Unused HRA funds roll-over to the next year.**

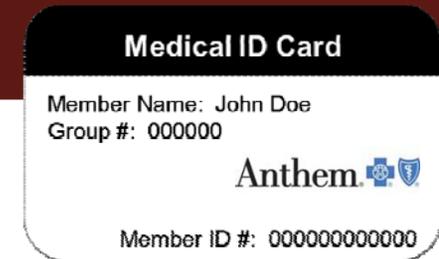


HRA Details

- ▶ Full HRA funds (\$500 or \$1,000) are available on January 1st to use for claims
- ▶ HRA is a tax-free benefit
- ▶ Unused HRA money rolls-over to the next year, thereby providing an even higher balance to help offset claims in a future year
- ▶ All HRA money is funded by City of South Bend. Employee may not add his/her own money to the HRA.

How are Medical Claims Paid?

Step 1 – Present your Anthem ID Card



Step 2 – Medical provider will submit claim to Anthem

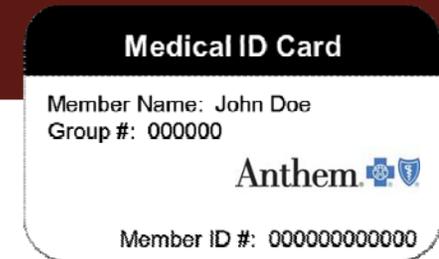
Step 3 – Anthem processes your claim

- ▶ Claim is reduced by Anthem PPO Discount
- ▶ Discounted charge is applied to your annual deductible or coinsurance to the out-of-pocket maximum
- ▶ Any available funds in your HRA are used to pay the provider by Anthem
- ▶ Anthem sends an EOB to you & to the provider showing any out-of-pocket due from you.

Prescription Drug claims work a little differently...

Prescription Drug Claims

Step 1 – Present your Anthem ID Card at the pharmacy



Step 2 – Pharmacy submits the claim to Anthem electronically

Step 3 – Anthem tells the pharmacy what you need to pay, based on the following:

- ▶ The Anthem negotiated Rx discount to reduce the price of the drug
- ▶ Available funds in your HRA will be applied automatically
- ▶ Your year-to-date accumulations toward your deductible & out-of-pocket maximum

Prescription Drug Claims (cont.)

Step 4 – If your deductible (or out-of-pocket max) is not yet met for the year, Anthem applies the full discounted cost of the medication to your deductible (or coinsurance out-of-pocket)

Step 5 – If you have HRA funds available, you pay \$0 at the pharmacy

Step 5 – If your out-of-pocket maximum has been met, you pay \$0 at the pharmacy

Step 6 – If no HRA funds are available, then you pay your responsibility at the pharmacy & Anthem applies it toward your deductible and/or out-of-pocket maximum.

**Additional Tools to Help
You Be Healthy**

&

**A Smart Consumer of
Health Care**

Tools to help you

For members of the HRA Health Plan, Anthem provides additional services that members of the PPO Plan don't get:

- ▶ 24/7 NurseLine – talk to registered nurses anytime
- ▶ Personalized help managing a condition from a health coach
- ▶ Dedicated customer service representatives to help you understand your claims & HRA, and help you get the most out of your health plan

Anthem's Cost Comparison Tool

How much does an MRI of the Lumbar Spine Cost?

- Actual Anthem PPO Price:

Vertical Plus, Mishawaka - \$650

Open & Wide MRI, Elkhart - \$650

South Bend Clinic - \$962

OSMC, Elkhart - \$1,002

Unity Hospital, Mishawaka - \$1,143

Elkhart General - \$2,181

South Bend Memorial/St. Joe - \$2,269

Goshen General Hospital - \$2,366

Questions?