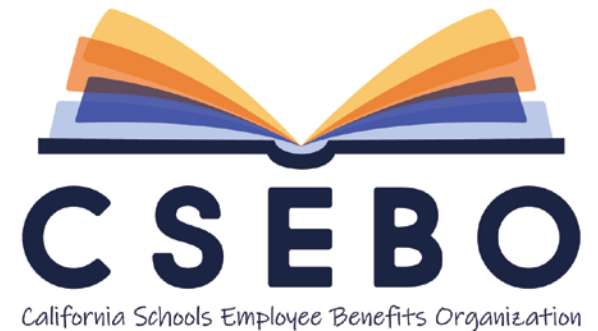
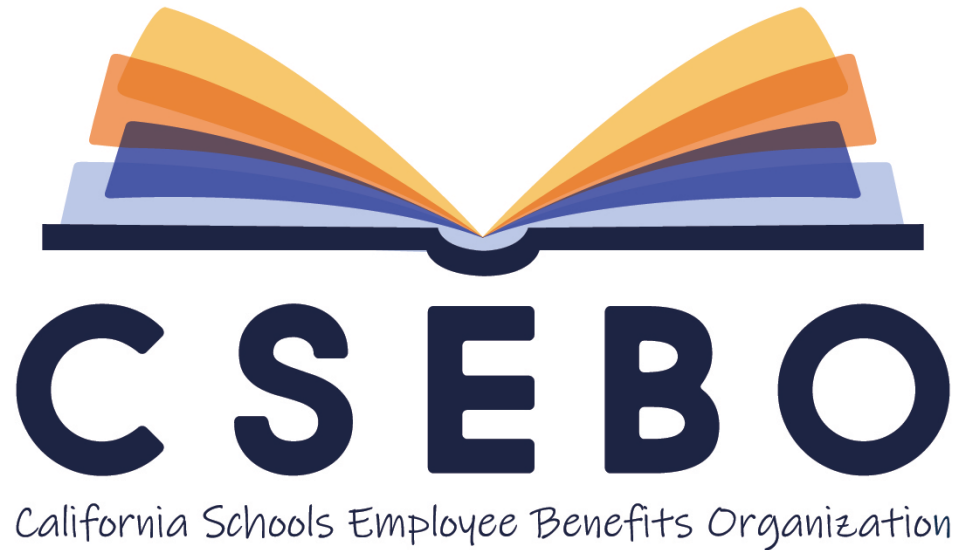




California Schools Employee Benefits Organization (CSEBO)

CONSUMER-DIRECTED HEALTH PLANS (CDHP) OVERVIEW





CONSUMER-DIRECTED HEALTH PLANS (CDHP)

JANUARY 1, 2024, THROUGH DECEMBER 31, 2024

Important Health Plan Terms Defined

Deductible: the amount you pay for covered health care services before your insurance starts to pay.

The deductible may not apply for all services, such as preventive care.

- Deductibles run January 1st to December 31st of each year. After your deductible is met, you will pay **coinsurance**, or your percentage of the negotiated billed amount of cost share for services (for example, 10%); the plan picks up the remainder. **Embedded deductibles** cap an individual in a family to an individual deductible. Deductibles can be embedded, or **non-embedded**.

Out-of-pocket maximum (OOPM): the maximum you will pay for medical and prescription drug expenses in a calendar year.

- OOPM run January 1st to December 31st of each year. Once the OOPM is met, you are covered at 100% for all in-network expenses until the accumulation period resets. For plans with an embedded deductible, individuals are capped at individual out-of-pocket maximums as well.

CSEBO MEDICAL INSURANCE HEALTH PLAN COMPARISON EFFECTIVE 1/1/2024 - 12/31/2024		Anthem		Kaiser Permanente	
CARRIER		ANTHEM BLUE CROSS		KAISER PERMANENTE	
PLAN NAME		INDEMNITY IV PPO		CDHP PPO 90	
GENERAL PLAN INFORMATION		OUT-OF-NETWORK ¹		OUT-OF-NETWORK ¹	
Annual Medical Out-of-Pocket Limit					
Individual/Individual in Family/Family		\$2,000/\$2,000/\$4,000 ²		\$1,500/\$1,500/\$3,000 ³	
Annual Medical Deductible - Plan Deductible Applies Unless Otherwise Stated					
Individual/Individual in Family/Family		\$800/\$800/\$2,400 ²		\$0	
Plan Information					
Type of Plan		Preferred Provider Organization (PPO)		Health Maintenance Organization (HMO)	
Referrals Required?		No		Yes	
Plan Coinsurance		Plan Pays 85% (After Deductible)		Plan Pays 90% (After Deductible)	
Health Savings Account (HSA) Compatibility:					
HSA-Compatible Plan?		No		Yes	
2024 Individual Maximum Contribution		N/A		\$4,150	
2024 Family Maximum Contribution		N/A		\$8,300	
Over 55 HSA Contribution Catch-Up		N/A		\$1,000	
Physician/Diagnostic Services					
Preventive Care		No Charge		No Charge	
Primary Care Office Visit		15% Coinsurance (After Deductible)		\$30 Copay	
Specialist Office Visit		15% Coinsurance (After Deductible)		\$30 Copay	
Diagnostic X-Ray and Lab Tests		15% Coinsurance (After Deductible)		No Charge	

What is a CDHP?

- ▶ A Consumer-Directed Health Plan (CDHP) is a **high-deductible health plan** paired with a spending account for out-of-pocket expenses, most commonly a **Health Savings Account (HSA)**.

What is an HSA?

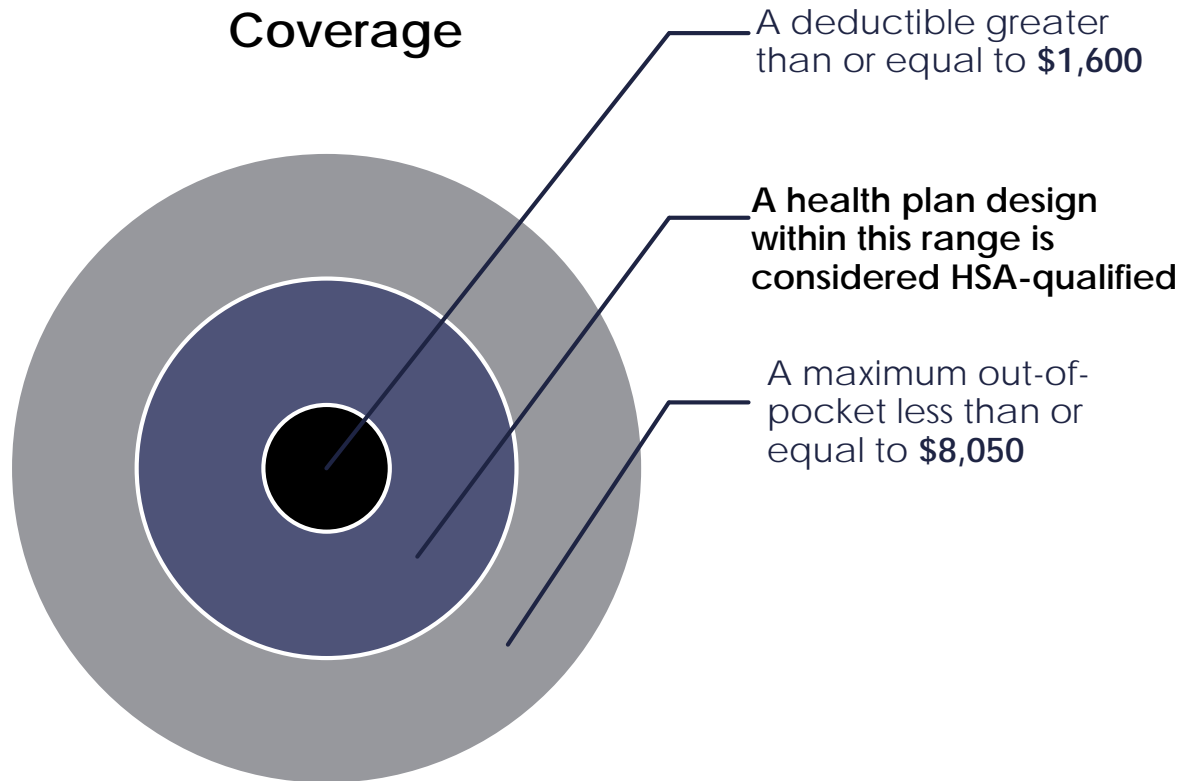
- ▶ A Health Savings Account (HSA) is a savings account that lets you put aside money on a pre-tax basis to pay for qualified medical, dental or vision expenses (as defined by the IRS).
- ▶ **By using untaxed dollars in an HSA to pay for deductibles, copays, coinsurance and other qualified expenses, you can lower your overall health care cost.**

What is a high-deductible health plan?

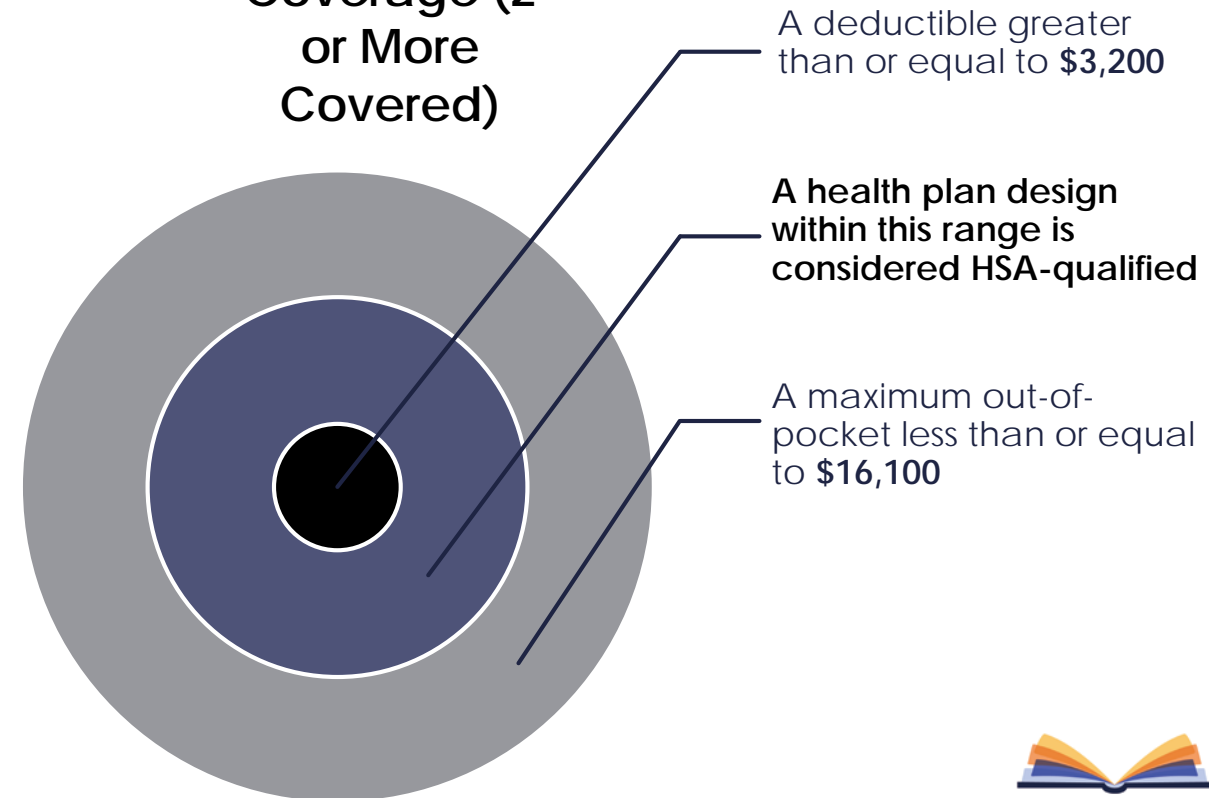
- ▶ A high-deductible health plan (HDHP) is a health plan that has a minimum deductible and a maximum out-of-pocket, as determined annually by the IRS.

HDHP 2024 IRS Plan Design Requirements

Individual Coverage



Family Coverage (2 or More Covered)



A CDHP has Two Parts: High-Deductible Health Plan + Health Savings Account



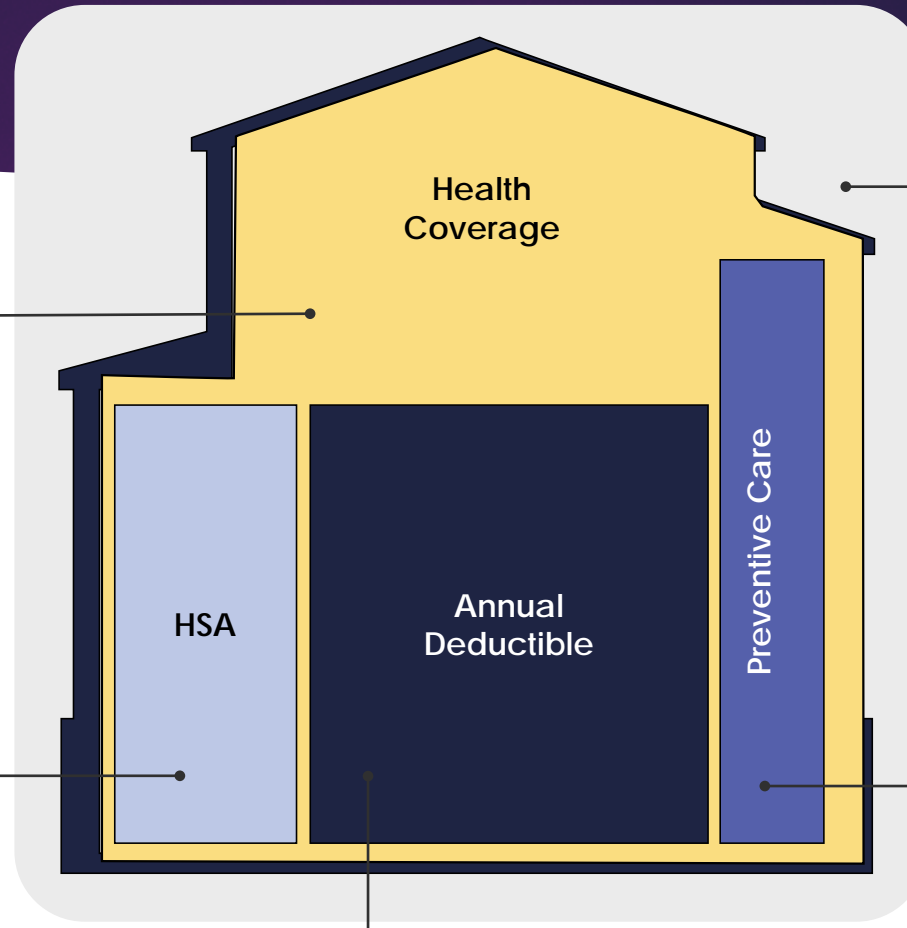
- ▶ High-deductible health plan that is considered HSA-qualified through CSEBO:
 - ▶ **Anthem CDHP PPO 90**
 - ▶ **Kaiser CDHP DHMO \$1,600**
- ▶ Protects you from high costs by having an annual out-of-pocket maximum.
- ▶ Tax-free savings account for qualified medical, dental and vision expenses.
 - ▶ Option to reimburse expenses from the account.
- ▶ Works in conjunction with the HSA-powered plan.

CDHP & HSA Plans

10

- Protects you from high costs
- **Coinsurance** similar to “traditional” plans
 - Percent of bill you pay after deductible is met
- **Out-of-pocket maximums** are in place for added peace of mind
 - Maximum you will pay for in-network services in a calendar year

- Option to reimburse from this account
- Receive tax-free interest earnings while your money remains in your HSA



- Resources and Tools
- Available via phone or web
- Health Coaches
- Cost / Quality Comparisons
- More...

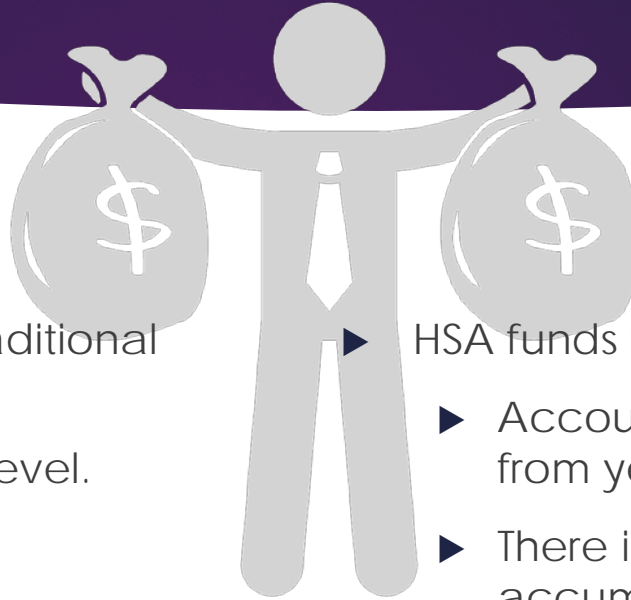
- Preventive Care covered 100% by your employer to provide incentive for use

- Amount that needs to be satisfied before health coverage begins
- Preventive care not subject to deductible

Why choose a CDHP?

Save Now:

- ▶ CDHP premiums are typically lower than traditional health plans.
- ▶ HSA deposits are tax-free from the federal level.
 - ▶ You will pay state taxes in CA.
 - ▶ Contribution maximums set annually by the IRS.
 - ▶ Allows employees and employers to contribute to the account.
- ▶ **HSA withdrawals for qualified medical, dental or vision expenses are tax-free for the life of the account.**
 - ▶ Defined in IRC Section 213(d).
 - ▶ Penalties apply for non-qualified expenses under 65.



Save for the Future:

- ▶ HSA funds roll over year to year.
 - ▶ Accounts grow over time as unused funds roll over from year to year earning tax-free interest.
 - ▶ There is no cap to the amount you can accumulate in your account.
- ▶ **You own the account and the money, even if you change jobs or insurance plans.**
- ▶ Interest is earned tax-free, with diverse investment options.

HSA FUNDS FOR HEALTH INSURANCE PREMIUMS

Any Age:

- ▶ COBRA continuation coverage.
- ▶ Health insurance for individuals receiving unemployment compensation.
- ▶ Long-term care insurance.
 - ▶ Capped annually by the IRS based on age.

Over 65:

- ▶ Medicare Part A premiums (if applicable).
- ▶ Medicare Part B premiums.
 - ▶ Excludes Medicare Advantage or Medigap premiums.
- ▶ **Funds for non-qualified disbursements can be withdrawn and taxed as ordinary income, without an additional penalty.**

CDHP Plans

- Pay in full (less network discounts) for all services until plan deductible is met.
- Combined medical and Rx deductible & out-of-pocket maximum.
- Copays, deductibles and coinsurance can be paid pre-tax (even out-of-network providers).
- Retirement vehicle: accounts grow over time as pre-tax contributions and unused funds roll over from year to year, earning tax-free interest.

Traditional Plans

- Same network, doctors and prescription drug coverage (either HMO or PPO).
 - Same pricing discounts for providers.
 - Once deductible is met, coinsurance applies until out-of-pocket maximum met.
 - Preventive care covered at 100% (when using in-network).
- Office visit and Rx copays apply before deductible is met; all other services, deductible applies.
 - Separate medical and Rx out-of-pocket maximums.
 - Copays, deductibles and coinsurance are paid after-tax.

HSA Annual Maximums & HESD Employer Contributions

IRS 2024 ANNUAL MAXIMUMS
JANUARY 1, 2024, THROUGH
DECEMBER 31, 2024

2024 HSA Contribution Maximums

Tier	Under Age 55	Over Age 55
Individual:	\$4,150	\$5,150
Family (2 or more covered):	\$8,300	\$9,300

Total maximum contribution allowed in a calendar year of employee & employer contributions, if applicable.

HESD Employer Contributions into an HSA

- ▶ HESD will contribute a total of **\$4,150** into full-time employee HSAs between January 1, 2024, and December 31, 2024.
 - ▶ HSA deposits will be deposited quarterly.
- ▶ Employees have the option to contribution additional funds into their HSA, less the employer's \$4,150.



Transitioning to a CDHP

HSA Eligibility REQUIREMENTS



**Health savings
account**

- ▶ Being eligible means that a person can make or receive contributions into a health savings account.

To be an eligible individual, the following requirements must be met:

1. Cannot be claimed as a dependent.

- You cannot be claimed as a dependent on somebody else's tax return.

2. Must be enrolled in an HSA-qualified health plan.

- These plans are known as **high-deductible health plans (HDHP)**.
 - Anthem CDHP PPO 90
 - Kaiser CDHP DHMO \$1,600

3. Must not be enrolled in other coverage.

- Includes Medicare or Medicaid.
- Additional health coverage that is **not** an HSA-qualified deductible plan.
 - **Including enrollment in a spouse's non-HSA-qualified plan as secondary coverage.**
 - Can have secondary coverage that is HSA-qualified.
- Includes full-purpose Flexible Spending Accounts (FSA).

PERMITTED INSURANCE COVERAGE WITH AN HSA

Accident
insurance

Dental
insurance

Vision
insurance

Specified
disease
coverage

Hospital
indemnity
insurance

Must pay a fixed
cost per day, per
admission, or other
period

Long-term
care
insurance

Disability
insurance

KEEPING TRACK OF HSA EXPENSES

The account holder is responsible for keeping track of HSA expenses.

- Not the employer's responsibility.
- Not the HSA administrator's responsibility.

Substantiation of claims is not required with an HSA.

- Unlike an FSA when the account administrator is responsible for ensuring all dollars reimbursed are for eligible expenses.

No receipts are due to the IRS unless audited.

Deductible and out-of-pocket maximum reset reminder

Deductibles and out-of-pocket maximums for the Anthem CDHP PPO 90 and the Kaiser CDHP \$1,600 will reset every January 1st.

You will be responsible for all medical and prescription expenses, less preventive care, until the deductible is met, and pay coinsurance up to the annual out-of-pocket maximum.

CLAIM EXAMPLES

BEFORE AND AFTER
DEDUCTIBLE

Anthem Advanced Imaging Example: Before Plan Deductible Met

Indemnity IV Plan

- Member self-refers to specialist office visit, total billed to plan: \$155.
 - Member pays provider **\$155**.
- CT of abdomen and pelvis, total billed to plan: \$262.
 - Member pays provider **\$262**.
- **Total Member Cost Share: \$417**

CDHP PPO 90

- Member self-refers to specialist office visit, total billed to plan: \$155.
 - Member pays provider **\$155** with pre-tax dollars in HSA.
- CT of abdomen and pelvis, total billed to plan: \$262.
 - Member pays provider **\$262** with pre-tax dollars in HSA.
- **Total Member Cost Share: \$417**

Anthem Advanced Imaging Example: After Plan Deductible Met

Indemnity IV Plan

- Member self-refers to specialist office visit, total billed to plan: \$155.
 - Member pays provider 15% coinsurance for total billed: **\$23.25**; plan pays rest.
- CT of abdomen and pelvis, total billed to plan: \$262.
 - Member pays provider 15% coinsurance for total billed: **\$39.30**; plan pays rest.
- **Total Member Cost Share: \$62.55**

CDHP PPO 90

- Member self-refers to specialist office visit, total billed to plan: \$155.
 - Member pays provider 10% coinsurance for total billed: **\$15.50** with pre-tax dollars in HSA; plan pays rest.
- CT of abdomen and pelvis, total billed to plan: \$262.
 - Member pays provider 10% coinsurance for total billed: **\$26.20** with pre-tax dollars in HSA; plan pays rest.
- **Total Member Cost Share: \$41.70**

Kaiser Advanced Imaging Example: Before Plan Deductible Met

Kaiser Traditional HMO (No Deductible)

- Member is referred to specialist office visit, total billed to plan: \$145.
 - Member pays provider **\$30 office visit copay**.
- CT of abdomen and pelvis, total billed to plan: \$515.
 - No charge; plan pays in full.
- **Total Member Cost Share: \$30**

Kaiser CDHP HMO \$1,500

- Member is referred to specialist office visit, total billed to plan: \$145.
 - Member pays provider **\$145** with pre-tax dollars in HSA.
- CT of abdomen and pelvis, total billed to plan: \$515.
 - Member pays provider **\$515** with pre-tax dollars in HSA.
- **Total Member Cost Share: \$660**

Kaiser Advanced Imaging Example: AFTER Plan Deductible Met

Kaiser Traditional HMO (No Deductible)

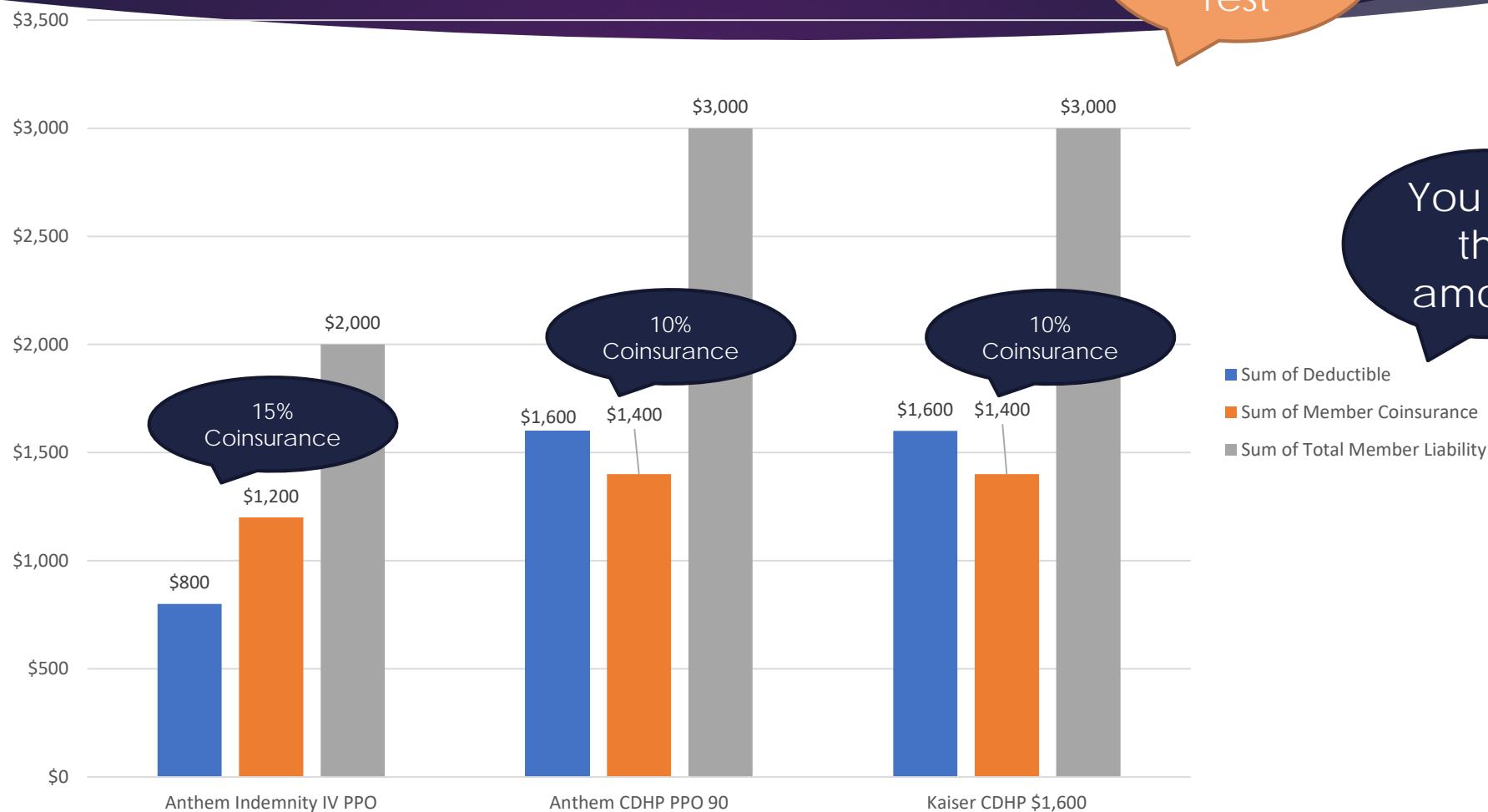
- Member is referred to specialist office visit, total billed to plan: \$145.
 - Member pays provider **\$30 office visit copay**.
- CT of abdomen and pelvis, total billed to plan: \$515.
 - No charge; plan pays in full.
- **Total Member Cost Share: \$30**

Kaiser CDHP HMO \$1,500

- Member is referred to specialist office visit, total billed to plan: \$145.
 - Member pays provider 10% coinsurance for total billed: **\$14.50** with pre-tax dollars in HSA; plan pays rest.
- CT of abdomen and pelvis, total billed to plan: \$515.
 - Member pays provider 10% coinsurance for total billed: **\$51.50** with pre-tax dollars in HSA; plan pays rest.
- **Total Member Cost Share: \$66**

Individual Deductible Example: \$150,000 inpatient hospital bill

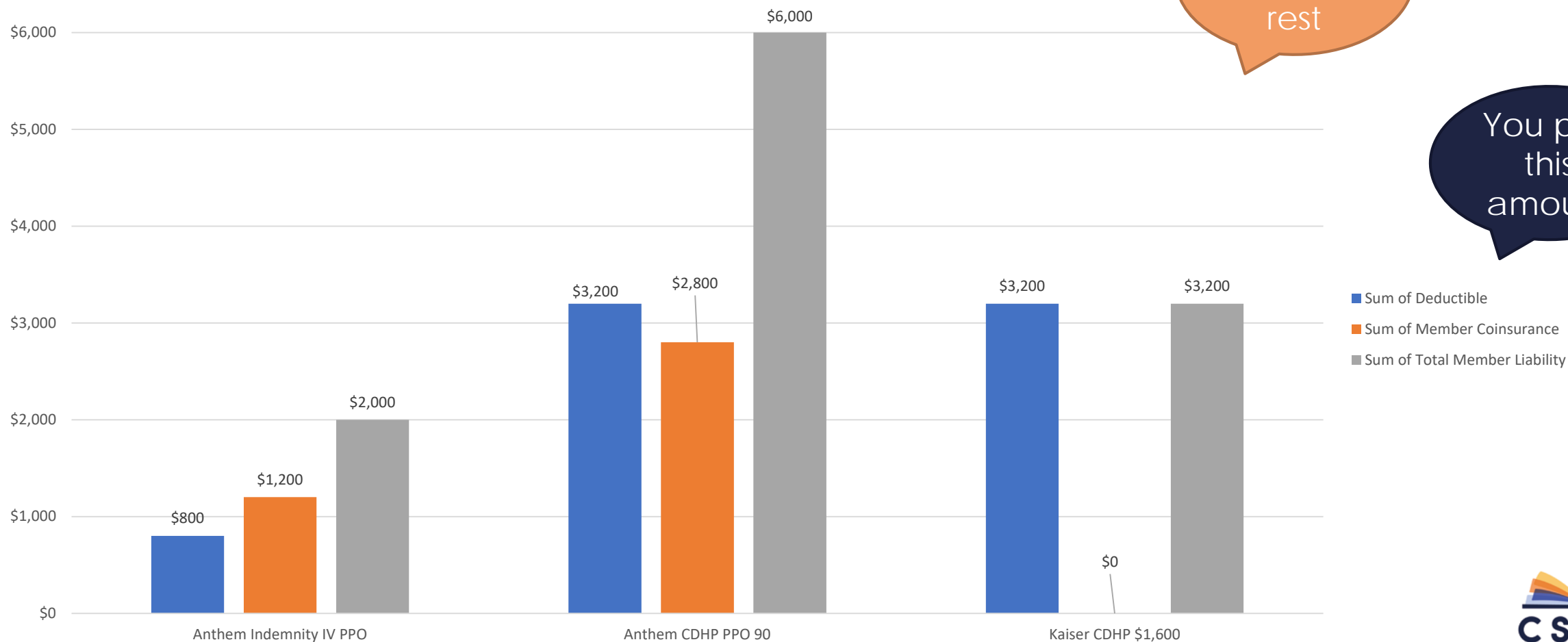
Plan
pays the
rest



Embedded family (3+ Covered) Deductible Example: \$150,000 inpatient medical

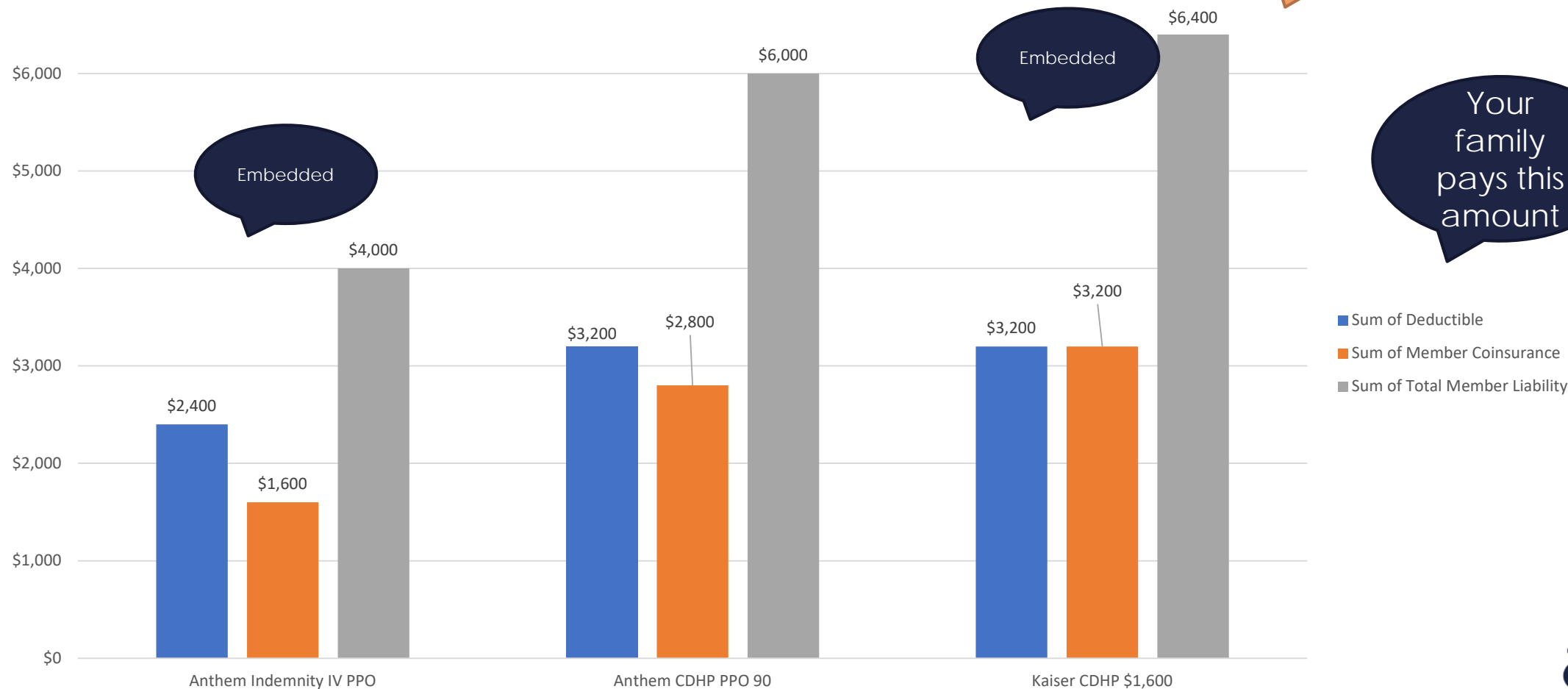
Plan
pays the
rest

You pay
this
amount



Shared family (3+ Covered) Deductible Example: \$150,000 inpatient medical

Plan
pays the
rest



Resources



IRS Publication 969:
HSA and Other Tax-
Favored Health
Plans

<https://www.irs.gov/publications/p969>



IRS Publication 502:
Medical and
Dental Expenses

<https://www.irs.gov/publications/p502>



HealthEquity

<https://www.healthequity.com/>



Kaiser Permanente
HSA

<https://info.kaiserpermanente.org/html/deductibleplans/manageyourhsa.html?#top>

http://kp.visualcalc.com/kp_tft/kp_tft.jsp?region=SCA



**CSEBO Uniform
Glossary**

www.csebo.net/Resources/Uniform-Glossary

MyPlan Choices



Decision Support Tool

HESD

What is MyPlanChoices?



- ▶ A tool to empower HESD employees and their families to choose the best fit health plan for their unique needs and preferences
- ▶ The tool is free to use and inputs and results are confidential
- ▶ The survey takes about 5–10 minutes to complete

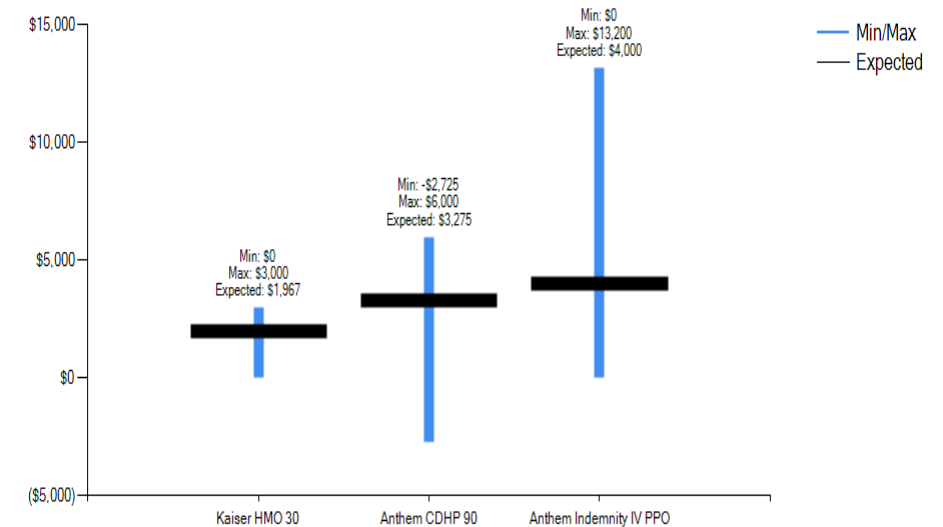


Example Use Case



- ▶ Jill is a 30-year-old teacher planning to enroll in health insurance to cover her husband and 2 children. Her husband has Type 2 Diabetes and they expect a moderate amount of medical needs this coming year. They are currently enrolled in the Indemnity IV plan.
- ▶ Based on her responses around needs and preferences, the following plan ranking options are generated. Note that rankings and results are custom to your individual responses

Rank	Plan	Paycheck Contribution	Predicted Annual out of Pocket Plan Costs (per your Responses)	Max Annual Cost (Annual Paycheck Deductions + Out of Pocket Maximum)	Employer HSA Contribution for Stub Year 2023 (7/1/2023-12/31/2023)	Total Expected Annual Cost
1	Kaiser HMO 30	\$0	\$1,967	\$3,000	\$0	\$1,967
2	Anthem CDHP 90	\$0	\$6,000	\$6,000	\$2,725	\$3,275
3	Anthem Indemnity IV PPO	\$0	\$4,000	\$13,200	\$0	\$4,000



2021 Open Enrollment KPIs



93% found the tool helpful

80% said they chose one of the top 3 recommended plans

81% said they know more about their plan and plan options after using the tool



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MyPlanChoices Link



- ▶ You can access MyPlanChoices here:

<https://myplanchoices.com/Default?Client=HESD61521>



Questions?

CALIFORNIA SCHOOLS EMPLOYEE BENEFITS ORGANIZATION
(CSEBO)