

Choosing a CDHP/HSA – Basic Information and Eligibility Criteria

Basic Information on the CDHP

- This is a Consumer Directed Health Plan (CDHP) – that means more responsibility and authority for enrollees in decisions and management.
- The plan has lower premiums and higher deductibles and out-of-pocket maximums than is true of PEBB's traditional plans (including application of the higher family deductible level and out-of-pocket maximum for subscribers who enroll one or more family members to their CDHP account).
- The CDHP includes a Health Savings Account (HSA).

Basic Eligibility for the CDHP – you can't enroll (or continue) in a CDHP if you are:

- On Medicare.
- Covered (including on a spouse's plan) by a traditional health plan (a plan that isn't a qualified high-deductible health plan).
- Covered by an FSA or VEBA (your own or your spouse's) unless it is a limited purpose account (limited to vision and dental). PEBB does not offer a limited purpose FSA.
- Claimed as a dependent on someone else's tax return.
- Covered by Tricare.
- Receiving VA benefits within 3 months of enrolling (e.g., October, November, or December 2011 for a January 1, 2012 enrollment).
- A retiree wishing to enroll a Medicare eligible spouse or dependent. You may enroll but you can't enroll the Medicare eligible spouse or dependent.

For more detailed information and eligibility for the CDHP, go the PEBB website at www.pebb.hca.wa.gov, scroll down to the *2012 Coverage Info*, and click on *Consumer Directed Health Plan with Health Savings Account*.

And, if you have questions specific to your unique situation, contact HealthEquity at 1-877-873-8823 or www.healthequity.com/pebb or contact your personal tax advisor.

Basic Information on the HSA

- Enrolling in the CDHP will include enrollment in a Health Savings Account (HSA).
- An HSA is a tax-free savings account for enrollees to use to pay for medical goods and services.
- PEBB will deposit part of the CDHP premium into the HSA each month - \$58.34 per month if you enroll as a single subscriber on the CDHP or \$116.67 per month if you enroll with at least one dependent for a total of \$700 or \$1,400 per year.
- An enrollee can make additional voluntary tax-free contributions.
- Unspent HSA funds carry-over from one year to the next and into retirement.
- The enrollee will own and manage the HSA.

Basic Information on the HSA – what you can use HSA funds for:

- Active employees can spend HSA funds on qualified medical expenses – generally, these are medical goods and services. See the PEBB website noted above for a list of specifics.
- Retirees can spend HSA funds on qualified medical expenses plus retiree medical plan premiums.
- COBRA enrollees can spend HSA funds on qualified medical expenses plus COBRA premiums (PEBB extension of coverage – only qualified medical expenses).
- HSA enrollees are advised to gather and retain receipts for purchases in the event of a tax audit.
- Funds spent outside of these IRS criteria (or without adequate receipts) will be taxed and the IRS could level a 20% penalty.

Basic Information on the HSA – who you can spend HSA funds on

- Generally, funds in your HSA may be spent on qualified medical expenses during a tax year for:
 - Yourself
 - Your spouse
 - All of your tax qualified dependents

For more detailed information and guidance related to a Health Savings Account, go the PEBB website at www.pebb.hca.wa.gov, scroll down to the *2012 Coverage Info*, and click on *Consumer Directed Health Plan with Health Savings Account*.

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