

Preferred Care Blue HDHP + Health Savings Account (HSA)

The Preferred Care Blue HDHP option is a high-deductible health plans (HDHP) that provides medical coverage with lower monthly paycheck contributions than the other option available to you.

When you enroll in the Preferred Care Blue HDHP option you can sign up for a health savings account (HSA), administered by **Nodaway Valley 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 St. Joseph contributes to the account each year as long as you're enrolled in the Preferred Care Blue HDHP — **\$526**, if you have employee-only coverage. You can make contributions to the HSA too.

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 Preferred Care Blue HDHP works

- As with all City of St. Joseph - 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 Preferred Care Blue HDHP is \$3,000 for employee-only coverage and \$6,000 for family coverage when you use in-network providers. If you reach the deductible, you are covered at 100% for you in-network health care cost. See the section below for details about how the HSA can help you cover these expenses.

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 Preferred Care Blue HDHP, you can enroll in the health savings account (HSA), administered by **Nodaway Valley 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 day you file your taxes—for the current tax year. And your family members or others can contribute to the account on your behalf.

City of St. Joseph also contributes to your account when you enroll in the Preferred Care Blue HDHP —**\$526 annually**, if you choose employee-only coverage. These contributions will be deposited into your account **monthly**.

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 of St. Joseph.

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 a Nodaway Valley 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 Preferred Care Blue HDHP and the HSA work together

1. Preventive Care 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.	2. Deductible You pay 100% until eligible medical and prescription drug bills total the deductible amount.	3. Full Coverage The plan pays 100% of your in-network costs, once you met the \$3,000 deductible for individual and \$6,000 for family.
Use your health savings account to cover the deductible and cost sharing You can save tax free and use the money toward your eligible expenses, including your deductible. Or let it grow for the future. You also get FREE money from City of St. Joseph, if you choose employee only coverage.		

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 Preferred Care Blue HDHP.
- 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

You must open the account yourself. If you don't, you'll miss out on free money from City of St. Joseph— **\$526** (for employee only coverage) —and you will not be able to make pretax contributions. Opening the account is easy! Simply enroll online or in person at Nodaway Valley Bank.

<https://www.nvb.com/business/accounts/health-savings/>, the Promo Code is 1868.

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- 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.
- ### 3. City of St. Joseph will contribute to your HSA each month, if you elect employee only coverage.
- This means you will have access to the full contribution **by the end of the year**—it will accrue over the course of the year.
- ### 4. 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.



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 Preferred Care Blue HDHP 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 Preferred Care Blue HDHP.
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