

City of St. Joseph

“People Like Me” Scenarios

Real-Life Examples of How the Preferred Care Blue High Deductible Health Plan and Health Savings Account Can Help You Achieve Your Goals

The Preferred Care Blue High Deductible Health Plan (HDHP) with Health Savings Account (HSA) plans provide a great opportunity to rethink how you use health care throughout the year. If you’ve ever wondered, “Am I paying too much for a plan I don’t use?” or “How will I pay for health care later on?” this may be the plan for you.

No matter what your life stage or budget—your HSA can help you spend less on health care today and help you build funds to cover future medical expenses. Plus the HSA is always yours to keep.

Take a look at these real-life examples to understand how an HDHP and HSA can help in different situations.

- Steve, a single parent of two teens, wants to save money wherever he can.
- Jenna, nearing retirement, is rethinking her budget and planning for the future.
- Maria, single and healthy, wants hassle-free, low-cost coverage.

Steve

As a **single parent, with two children**, Steve has a lot on his mind. For the most part, he and his kids lead healthy lives and have not had huge medical issues. But Steve is always looking for smart ways to stretch his paycheck so there’s more left over for baseball uniforms and guitar lessons.

He has always been a fan of the flexible spending account (FSA), but wants to take advantage of the **lower monthly premiums** that the Preferred Care Blue HDHP offers.

Steve is also:

- **Eager to stop paying so much in paycheck contributions.** He doesn’t like the idea of paying for things he doesn’t use and, aside from an urgent care visit every six months or so, he and the kids typically get just their annual physicals. He’d like to lower how much comes directly out of his paycheck and take more control over the dollars he spends. Plus he knows that preventive care is 100% covered under the **Preferred Care Blue HDHP** as long as he goes to an in-network provider.
- **Interested in rolling over money from year to year.** Unlike the FSA, Steve doesn’t have to use up his entire balance by the end of the year or lose it. Instead, any money he saves in his HSA will roll over from year to year. He won’t miss that end-of-year rush to use up his funds on extra eyeglasses or other qualified expenses.
- **Wondering about the future.** He sees that his elderly mother can’t bounce back from financial setbacks on just her Social Security check and meager savings. Retirement saving has become a top priority.

What’s Next?

Steve will enroll in the **Preferred Care Blue HDHP** and contribute the money he would have saved in the FSA to an HSA instead.



Jenna

Jenna is **nearing retirement and getting organized**. While Jenna and her husband have modest health care needs today, Jenna's watched her older brother and a good friend spend most of their savings on a major illness early in retirement. Even when she converts to Medicare in about five years, Jenna knows she'll have to pay for some of her costs.

She's also **rethinking her health care budget**. Jenna remembers the days when a doctor trip was free or just a few dollars. While she still feels like her care is affordable, Jenna has to budget for medications and regular doctor visits like she does for groceries or gas every year. As she and her husband get older, health issues are more frequent and complicated. How much will she need to have saved?

She also **doesn't want to miss out on free money**. Jenna was immediately won over by the fact that **City of St. Joseph** makes contributions to the HSA when an employee enrolls in the **Preferred Care Blue HDHP**.

Jenna is also:

- **Ready to pay her deductible out of pocket.** Jenna would like to use her HSA balance to pay big bills—such as trips to the emergency room. Next year, when her house is paid off, Jenna thinks they can afford to pay for most bills out of their regular checking account or emergency cash fund.
- **Amazed by how tax-advantaged accounts multiply savings.** When she looks at all the places where she can save money, the HSA just makes sense. Not only will she save on taxes when she puts her money away, she won't have to pay anything when she really needs it. Even her 403b or her husband's 401k can't offer that!
- **Eager to find ways to save more.** Jenna spent extra time evaluating her credit card statements and is having buyer's remorse over a few purchases she made this year. She knows she needs to get serious about saving money.

What's Next?

Jenna will enroll in **Preferred-Care Blue HDHP for single coverage**, open up an HSA and contribute up to the IRS limit. Her husband is covered under a traditional plan at his employers. Because she is over age 55, she can also make a \$1,000 catch-up contribution to her account each year up until she becomes Medicare active.





Maria

Maria is **just starting out and is juggling lots of new responsibilities**. When she was hired last year, Maria decided to go with a PPO medical plan that was similar to what she had under her parents' coverage. With a new job, new commute, new apartment and a new roommate, she didn't have time to study and understand her other options. But now she has her eye on a new car and knows she needs to save more.

She's also **interested in what she's missing out on**. She's heard about plans like the **Preferred Care Blue HDHP** from her friends. She's also heard that enrolling in the **Preferred Care Blue HDHP** plan would mean that she'd have a **City's contribution** into an HSA, which sounds like a pretty good deal to her.

She needs to:

- **Learn more about how a Preferred Care Blue HDHP works.** Maria has asthma, so she needs to take a little time to figure out how she would cover prescription drug expenses under the new plan. She knows that some medications could be a little more expensive than the \$10 copayment she currently has each month, while others may be less expensive. Maria adds talking with her pharmacist about less-expensive and equally effective options to her "to do" list.
- **Leverage the HSA tax advantages to her advantage.** Maria opened up her first savings account with her college graduation gifts. When she did her taxes the next year, she was frustrated that she had to pay tax on the interest. So she really appreciates that the HSA lets her savings grow tax free.
- **Balance the future with current needs.** It's hard to imagine how she'll save money for retirement when it seems so hard to save for the car she'll need next year. The HSA seems very flexible—on one hand, it will help her pay for any doctor visits she has this year, and on the other hand, if she's healthy all year, the money will just sit in the account and grow.

What's Next?

Maria will enroll in the **Preferred-Care Blue HDHP** plan and start saving \$50 a month in her HSA. While she knows her parents would help her out if she ever had a financial emergency (and they could also contribute to the HSA on her behalf), it feels good to be working toward a plan of her own.