



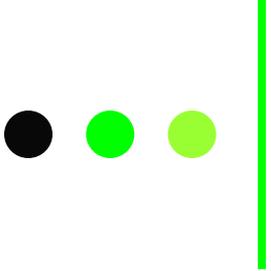
# City of Tucson

## HRA & HSA

July 01, 2014 – June 30, 2015

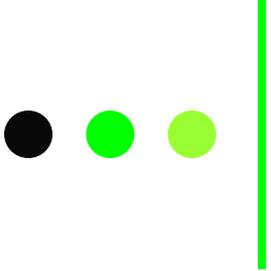


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# Understanding how the HRA and HSA plans work.

- How it works
  - \$ Contributions from the City of Tucson
  - Deductible
  - Out of pocket maximums
- The Components
- Preventive Care
- How the HRA & HSA *are different*
- Examples
  - HRA/HSA plan
  - Individual and Family scenarios on HRA/HSA plan
- Additional Important HSA information
  - Fund Availability
  - Contributions
  - Covering a Domestic Partner



# HRA/HSA Plan - How It Works

## **HRA Fund**

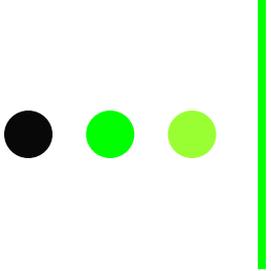
- A fund that is provided by the City of Tucson that is established to help pay for medical expenses that are covered under the plan.
- The City contributes to the fund and the fund is administered by CIGNA.
- Employees cannot contribute to this fund.

## **HSA Bank Account**

- An employee owned and administered bank account that is established to help pay for eligible medical and pharmacy expenses (and all IRS 213D items). When enrolling in this plan, you agree to open a savings account with JP Morgan Chase.
- The City of Tucson will contribute money to this account. Amounts below assume full plan-year enrollment.
- Employees are also able to contribute money on a pre-tax basis.

- ❖ For Employee only coverage: \$1000 is funded by the City of Tucson
- ❖ For Employee + dependent(s): \$2000 is funded by the City of Tucson
- ❖ With the HSA, WHAT YOU DON'T USE, *YOU KEEP!*

\*Please see the HSA Terms & Conditions on [www.tucsonaz.gov/enroll](http://www.tucsonaz.gov/enroll) for full detail on the plan.



# HRA/HSA Plan - How It Works

## *(continued)*

### **Deductible**

- You and/or your family members must meet the deductible before CIGNA will cover eligible medical expenses. **Exception: Preventive care is covered at 100%, if provided by a participating network provider.**
- \$2000 per Individual / \$1000\*\* is funded by the City of Tucson
- \$4000 Collective\* Family Deductible / \$2000\*\* is funded by the City of Tucson

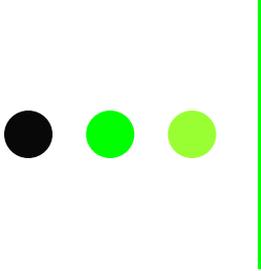
\* Collective means that one or more family members must meet the full amount before the plan will pay for eligible medical expenses

**\*\* City contributions above assume full-year enrollment.**

### **Coinsurance**

- When the plan deductible has been met, CIGNA begins sharing costs with you
- **In Network:** CIGNA pays 90%; you pay 10% of the **contracted** rate.
- **Out of Network:** CIGNA pays 70% of allowable charges; you pay 30% plus any amount that is not allowable. Out of network coverage can be costly. Any charges not covered by the plan are your responsibility and do not apply to the deductible or Out-of-pocket maximums..

\*Please see the HSA Terms & Conditions on [www.tucsonaz.gov/enroll](http://www.tucsonaz.gov/enroll) for full detail on the plan.



# HRA/HSA Plan - How It Works

## *(continued)*

### **Out-of-Pocket Maximum**

- Your “safety net” for out of pocket expenses
- \$3000\* Individual Maximum In Network
- \$6000\* Collective Family Maximum In Network
- Once you have reached the out-of-pocket maximum, CIGNA will pay all covered expenses at 100% for the remainder of the plan year

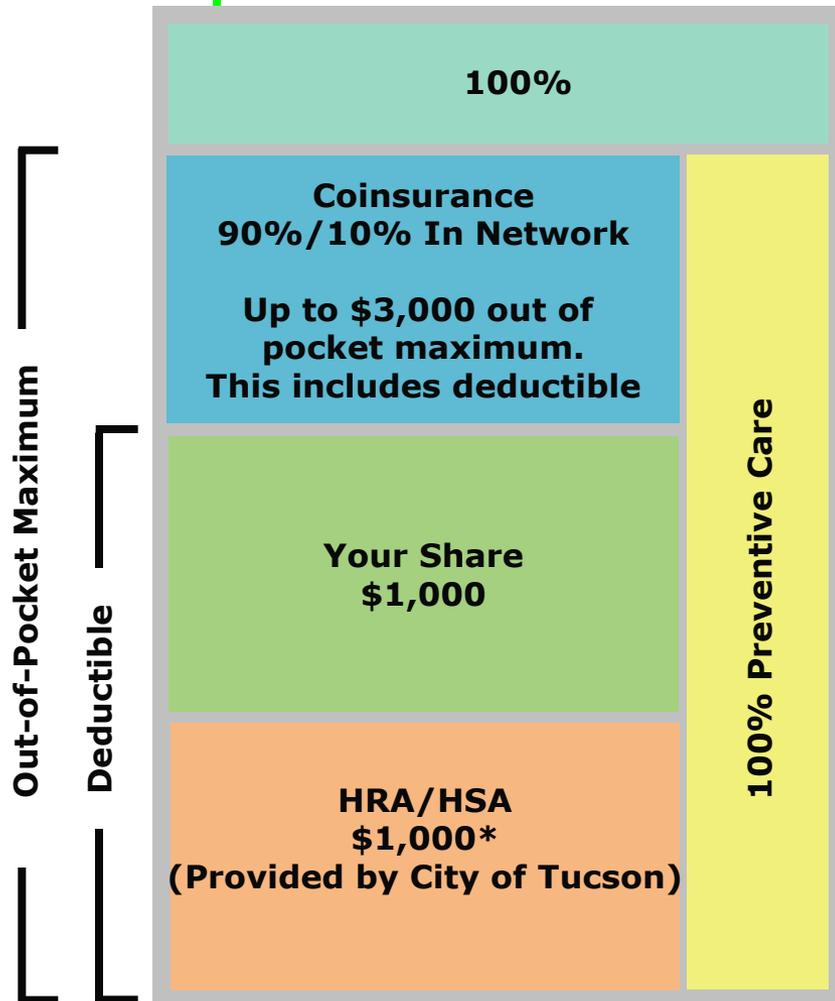
\*These maximum amounts include the deductible and fund provided by the City of Tucson. For Example:

Individual Example: Once you meet the \$2000 deductible, you begin to pay 10% up to another \$1,000. Then you have reached your \$3000 out of pocket maximum.

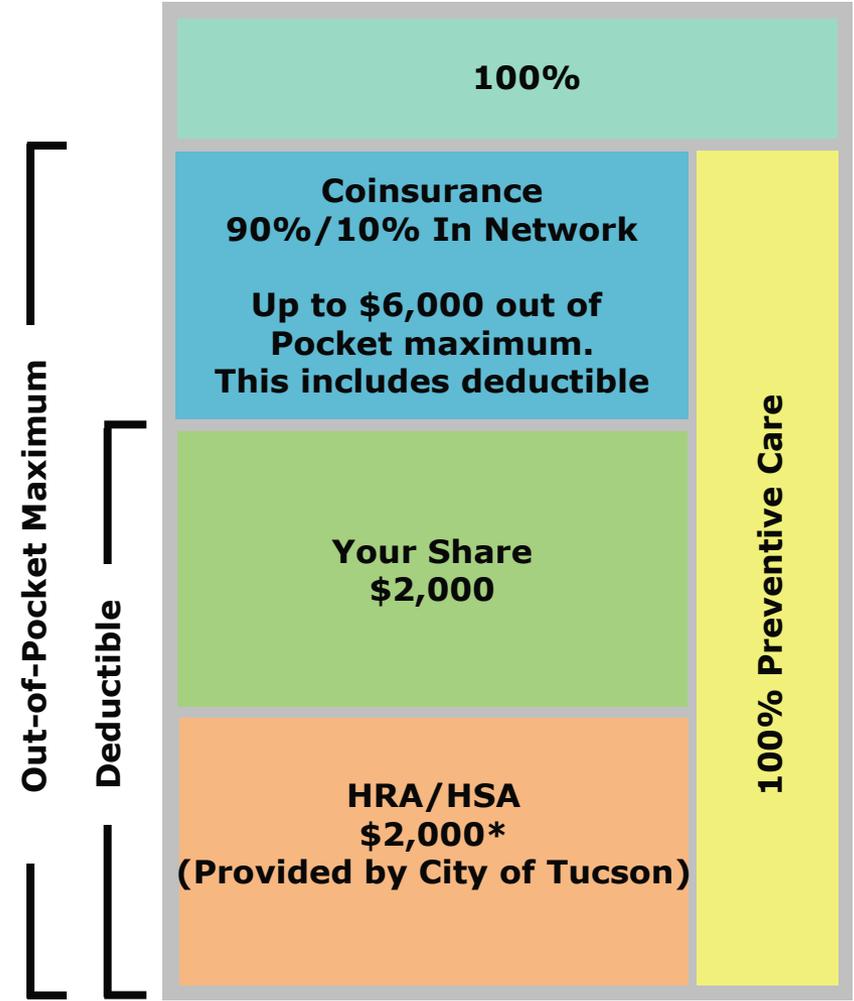
Employee + 1 or more Example: Once you meet the \$4000 deductible, you begin to pay 10% up to another \$2,000. Then you have reached your \$6000 out of pocket maximum.

\*Please see the HSA Terms & Conditions on [www.tucsonaz.gov/enroll](http://www.tucsonaz.gov/enroll) for full detail on the plan.

# HRA/HSA – Understanding the Components



**EMPLOYEE ONLY**



**EMPLOYEE WITH COVERED DEPENDENTS**

*\*City contribution amounts are based on full-year enrollment*

# Preventive Care Perks

**Preventive Care with an In-Network provider is covered at 100%.**

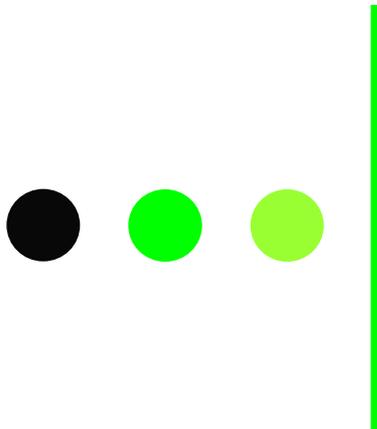
When the provider bills your visit as preventive care, this money will *not* come out of your HRA or HSA account. These services are paid at 100% by CIGNA.

## Examples of Preventive Care:

- Well Baby and Well Child visits
- Well Man and Well Woman visits
- Routine immunizations
- Routine Screenings:
  - ✓ Cholesterol Screening: Ages 20+, every 5 years
  - ✓ Diabetes Screening: Ages 45+, or if at risk, every 3 years
  - ✓ Mammogram: Once a year for women age 40+
  - ✓ Prostate Screening: Once a year for men age 50+
  - ✓ Colonoscopy: Ages 50+, every 10 years



Coverage is reduced if routine services are rendered with a non participating provider. Charges will apply to Out Of Network benefits, with a preventive care maximum of \$500 per contract year. See the City's intranet or [www.myCIGNA.com](http://www.myCIGNA.com) for a full list of preventive care services.



# Differences

HRA vs. HSA plan



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# What's Different? HRA vs. HSA

<u>HRA</u>	<u>HSA</u>
Employer Funded and Owned	Employer <i>and Employee</i> Funded. <b>Employee owned.</b>
Funds are administered by CIGNA.	Funds are administered by you, through your HSA bank account. (This is just like a regular bank account.)
You do not take funds with you if you leave the City of Tucson. You must remain enrolled in the HRA plan in order for eligible funds to rollover to the following plan year.	You can take funds with you if you leave the City of Tucson. It is your money and remains in your bank account. However, all contributions made by the City of Tucson will cease. HSA Plan is not available to retirees.
<p>The \$1000/\$2000 fund provided by the City of Tucson is available immediately.</p> <p><b>Individual:</b> \$1000 is funded up-front and available as of 07/01/2014</p> <p><b>Family:</b> \$2000 is funded up-front and available as of 07/01/2014</p> <p><i>City contributions are pro-rated if you enroll after July 1<sup>st</sup>, and accumulated accruals are reduced if you change coverage from covering family members to covering only yourself.</i></p>	<p>The \$1000/\$2000 fund provided by the City of Tucson is partially available upfront.</p> <p><b>Individual:</b> \$500 is funded up-front and available two weeks after the first paycheck in July. The remaining \$500 is deposited into the HSA bank account throughout the rest of the plan year. (Approximately \$20 per pay period)</p> <p><b>Family:</b> \$500 is funded up-front and available two weeks after the first paycheck in July. The remaining \$1,500 is deposited into the HSA bank account throughout the rest of the plan year. (Approximately \$60 per pay period)</p> <p><i>City contributions are pro-rated if you enroll after July 1<sup>st</sup>, and are reduced if your family members dis-enroll from the plan at any time.</i></p>



# What's Different? HRA vs. HSA

<u>HRA</u>	<u>HSA</u>
<p>Pharmacy expenses do <b>not</b> contribute toward the deductible. You can NOT use your HRA Fund to pay for pharmacy co-pays.</p>	<p>There is a combined medical and pharmacy deductible. Medications are covered at a % <u>after</u> the plan deductible has been satisfied. All covered pharmacy expenses contribute towards the combined plan deductible.</p> <p><b>Participating Pharmacies:</b>            Generic: You pay 30% <u>after</u> deductible.            Brand Name: You pay 35% <u>after</u> deductible.            Non-Preferred Brand Name: You pay 40% <u>after</u> deductible</p> <p><b>Non Participating Pharmacies:</b>            All medications: You pay 40% after deductible.</p>
<p>The money in the HRA fund can <u>only</u> be used for covered expenses under the medical plan. These funds can <b>not</b> be used for pharmacy expenses.</p>	<p>The money in the HSA account can be used for covered Medical, pharmacy expenses <b>and/or</b> all section 213D qualified medical expenses. HSA funds can be used for other qualifying expenses (IRS) after termination or retirement.</p>
<p>You can have other insurance.</p>	<p>You can <b>not</b> have any other insurance, unless it is also a High Deductible Health Plan. (Medicare is not allowed.)</p>
<p>You can enroll in the HRA and participate in an FSA.</p>	<p>You can not be enrolled in the HSA and participate in an FSA, unless it is a limited purpose FSA that only covers dental and vision expenses. You spouse should also not be enrolled in an FSA plan even if it is through another plan.</p>
	<p>The HSA is regulated by the IRS.</p>



# Examples

## HRA/HSA



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# HRA/HSA Employee Only Example

Overall healthy employee, but has an injury and breaks an arm.

•Individual Deductible Amount: \$2,000

•HRA/HSA Amount: \$1,000

Service	Total Discounted Amount	Applied Toward Deductible	Patient Coinsurance 90%/10%	Total Patient Responsibility	Paid from HRA/HSA	HRA/HSA Balance	Final Patient Responsibility Paid OOP
1 Preventive care visit	\$100	\$0	\$0	\$0	\$0	\$1000	\$0
1 ER Visit	\$650	\$650	N/A	\$650	\$650	\$350	\$0
2 Specialist visits (\$120 each)	\$240	\$240	N/A	\$240	\$240	\$110	\$0
<b>TOTAL</b>	<b>\$990</b>	<b>\$890</b>	<b>\$0</b>	<b>\$890</b>	<b>\$890</b>	<b>\$110</b> *Rollover/ Balance	<b>\$0</b>

## Total Annual Employee Expenses

Total OOP Paid by Family \$ 0.00

Total paid in premiums \$ 351.00

**Total Annual Cost \$ 351.00**

\*Rollover/ Balance:

HRA - This amount will carry over with the employee to the next plan year, as long as they remain enrolled in the HRA plan.

HSA – This amount will remain in your JPMC savings account. This remains the employees money regardless of whether or not they remain enrolled in the HSA plan.

•Premium amounts in all examples are the \$0-\$60,000 salary range.  
 •RX costs would be an additional co-pay on HRA. However, under the HSA Plan, RX costs would apply towards the plan deductible.



# HRA/HSA Family Example

Current family of four, with another on the way.....

- Family Deductible Amount: \$4,000
- HRA/HSA Amount: \$2,000

Service	Total Discounted Amount	Applied Toward Deductible	Patient Coinsurance 90%/10%	Total Patient Responsibility	Paid from HRA/HSA	HRA/HSA Balance	Final Patient Responsibility Paid OOP
4 Preventive Care Exams	\$400 (100 each)	N/A	N/A	\$0 Paid at 100%	N/A	\$2,000	\$0
1 Urgent Care Visit	\$100	\$100	N/A	\$100	\$100	\$1,900	\$0
3 Office Visits	\$240 (\$80 each)	\$240	N/A	\$240	\$240	\$1660	\$0
OB Visits (Billed at end of pregnancy)	\$2,000	\$2,000	N/A	\$2,000	\$1,660	\$0	\$340
Routine Delivery	\$3,500	\$1,660	\$184 (10% of \$1,840 balance)	\$1,844	\$0	\$0	\$1,844
<b>TOTAL</b>	<b>\$6,240</b>	<b>\$4,000</b>	<b>\$184</b>	<b>\$4,184</b>	<b>\$2,000</b>	<b>\$0</b>	<b>\$2,184</b>

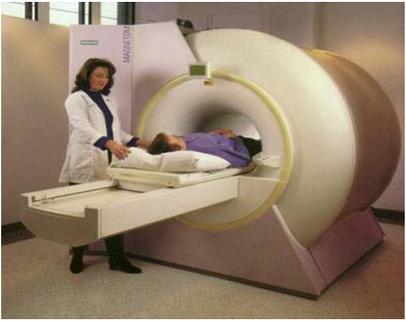
## Total Annual Employee/Family Expenses

Total OOP Paid by Family     \$ 2,184.00  
 Total paid in premiums         \$ 1,607.58  
**Total Annual Cost                 \$ 3,791.58**

If this were a C-section delivery:

The *average* discounted cost would be a total of \$7,000 - \$8,000 vs. \$5,500 for a routine vaginal delivery.

- Premium amounts in all examples are the \$0-\$60,000 salary range.
- RX costs would be an additional copay on HRA/HMO. However, under the HSA Plan, RX costs would apply towards the plan deductible.



# HRA/HSA Family Example

Current family of four, one member having an MRI.....

- Family Deductible Amount: \$4,000
- HRA/HSA Amount: \$2,000

Service	Total Discounted Amount	Applied Toward Deductible	Patient Coinsurance 90%/10%	Total Patient Responsibility	Paid from HRA/HSA	HRA/HSA Balance	Final Patient Responsibility Paid OOP
4 Preventive Care Exams	\$400 (100 each)	N/A	N/A	\$0 Paid at 100%	N/A	\$2,000	\$0
4 PCP Office Visits	\$320 (\$80 each)	\$320	N/A	\$320	\$320	\$1680	\$0
MRI (At Outpatient Facility)	\$800	\$800	N/A	\$800	\$800	\$880	\$0
1 Specialist Visit	\$120	\$120	N/A	\$120	\$120	\$760	\$0
<b>TOTAL</b>	<b>\$1,640</b>	<b>\$1,240</b>	<b>N/A</b>	<b>\$1,240</b>	<b>\$1,240</b>	<b>\$760</b> Rollover/ Balance	<b>\$0</b>

### Total Annual Employee/Family Expenses

Total OOP Paid by Family	\$ 0.00
Total paid in premiums	\$ 1,607.58
<b>Total Annual Cost</b>	<b>\$ 1,607.58</b>

\*Rollover/ Balance:

HRA - This amount will carry over with the employee to the next plan year, as long as they remain enrolled in the HRA plan.

HSA – This amount will remain in your JPMC savings account. This remains the employees money regardless of whether or not they remain enrolled in the HSA plan.



# HRA/HSA Family Example

Family of four. One member having a surgery

- Family Deductible Amount: \$4,000
- HRA/HSA Amount: \$2,000

Service	Total Discounted Amount	Applied Toward Deductible	Patient Coinsurance 90%/10%	Total Patient Responsibility	Paid from HRA/HSA	HRA/HSA Balance	Final Patient Responsibility Paid OOP
4 Preventive care visits	\$400 (\$100 each)	N/A	N/A	\$0 Paid at 100%	N/A	\$2,000	\$0
6 PCP office visits	\$480 (\$80 each)	\$480	N/A	\$480	\$480	\$1520	\$0
2 Specialist visits	\$240 (\$120 each)	\$240	N/A	\$240	\$240	\$1280	\$0
1 ER Visit	\$650	\$650	N/A	\$650	\$650	\$630	\$0
1 Outpatient Surgery	\$4,000	\$2,630	\$137 (10% of \$1,370 balance)	\$2,767	\$630	\$0	\$2,137
6 Physical Therapy Visits	\$420 (\$70 each)	N/A	\$42 (10% of \$420)	\$42	\$0	\$0	\$42
<b>TOTAL</b>	<b>6,190</b>	<b>\$4,000</b>	<b>\$179</b>	<b>\$4,179</b>	<b>\$2,000</b>	<b>\$0</b>	<b>2,179</b>

## Total Annual Employee/Family Expenses

Total OOP Paid by Family     \$ 2,179.00

Total paid in premiums        \$ 1,607.58

**Total Annual Cost                \$ 3,786.58**



# HRA/HSA Family Example

Family of four. One member has diabetes and another experiences a heart attack.

- Family Deductible Amount: \$4,000
- HRA/HSA Amount: \$2,000

Service	Total Discounted Amount	Applied Toward Deductible	Patient Coinsurance 90%/10%	Total Patient Responsibility	Paid from HRA/HSA	HRA/HSA Balance	Final Patient Responsibility Paid OOP
4 Preventive care visits	\$400 (\$100 each)	N/A	N/A	\$0 Paid at 100%	N/A	\$2,000	\$0
5 PCP office visits	\$400 (\$80 each)	\$400	N/A	\$400	\$400	\$1600	\$0
1 ER Visit	\$650	\$650	N/A	\$650	\$650	\$950	\$0
1 Inpatient Hospital Stay	\$120,000	\$2,950	\$2000 (10% of \$117,050 balance, <i>up to</i> OOP max)	\$4,950	\$950	\$0	\$4,000
18 Specialist visits	\$2,160 (\$120 each)	\$0	\$0	\$0	\$0	\$0	\$0
12 Physical Therapy Visits	\$840 (\$70 each)	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL</b>	<b>123,610</b>	<b>\$4,000</b>	<b>\$2,000</b>	<b>\$6,000</b>	<b>\$2,000</b>	<b>\$0</b>	<b>\$4,000</b>

## Total Annual Employee/Family Expenses

Total OOP Paid by Family   \$ 4,000.00  
 Total paid in premiums       \$ 1,607.58  
**Total Annual Cost           \$ 5,607.58**

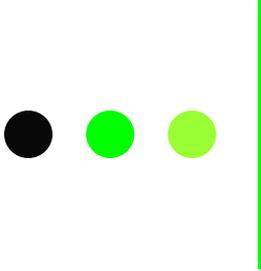


# HSA Extras

Important Details on HSA plan



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# HSA Fund Availability

- **Individual: \$1,000\* Funded by the City of Tucson**

The \$1000 fund provided by the City of Tucson is partially available upfront.

- Individual: \$500 is funded up-front and available two weeks after the first paycheck in July. The remaining \$500 is deposited into the HSA bank account throughout the rest of the plan year.
- Approximately \$20 per pay period

- **Family: \$2,000\* Funded by the City of Tucson**

The \$2000 fund provided by the City of Tucson is partially available upfront.

- Family \$500 is funded upfront and available two weeks after the first paycheck in July. The remaining \$1,500 is deposited into the HSA bank account throughout the rest of the plan year.
- Approximately \$60 per pay period

- \* **City-funded amounts assume full-year enrollment.**

- **If you are covering a Domestic Partner; Please see slides 20 and 21.**



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# HSA Contributions

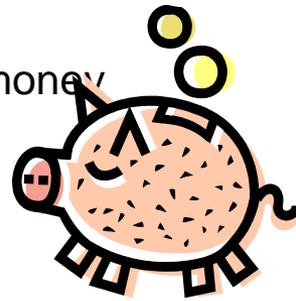
**If you choose to contribute money to your HSA bank account, you have several options:**

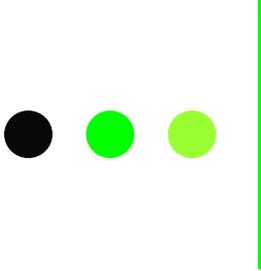
- When you enroll online, you can elect the amount you would like to contribute and have deducted from your paycheck bi-weekly. If you want to make changes to this, submit a completed HSA Change Form to the Benefits Office.
- You can deposit money into your HSA account in a lump sum at any time.
- If you choose to not contribute money by payroll deduction, you can deposit money into your account, at any time.

**The IRS limits the amount that can be contributed to an HSA bank account.**

- If you enroll in employee only coverage, you can contribute up to \$3,300. This maximum amount includes the amount contributed by the City of Tucson.
- If you enroll in family coverage, you can contribute up to \$6,550. This maximum amount includes the amount contributed by the City of Tucson.

➤ **If you are enrolled in the HSA, you may NOT participate in the City's Health Care Flexible Spending Account (FSA), and your SPOUSE may not have an FSA, unless it is a "Limited Purpose" FSA, designated for only dental and vision expenses. For more detailed rules regarding the HSA plan, please the HSA terms and conditions posted on the City's website, [www.tucsonaz.gov/enroll](http://www.tucsonaz.gov/enroll).**





# HSA with a Domestic Partner

## **\*For employees who are enrolling a Domestic Partner:**

If you have a domestic partner, civil union partner or same sex spouse, you may not be able to use your HSA funds for their qualified medical expenses, even if they are covered under your medical plan, because federal law does not recognize them as a legal dependent. You can only use your HSA funds for your domestic partner, civil union partner or same sex spouse's expenses if you can claim them as a dependent for federal tax purposes. Talk with your tax consultant if enrolling a same-gender spouse.

## **The City of Tucson's Policy is that the below contributions will apply (assuming full-year enrollment):**

- For Employee and Domestic Partner coverage only: The City will contribute \$1,000 to the HSA bank account (same as individual only).
- For Employee covering your Domestic Partner and/or your Domestic Partner's children: The City will contribute \$1,000 to the HSA bank account (same as individual only).
- For Employee and Employee's child(ren): The City will contribute \$2,000 to the HSA bank account (same as family coverage)

# HSA with a Domestic Partner

- Domestic Partners are not recognized as dependents by the Federal Government.
- If you have a Domestic Partner, they *can* have another medical insurance plan and still be covered on the HSA.
- If you have a Domestic Partner on your medical plan, you can contribute up to the family maximum contribution of \$6550.
- These funds can **not** be used to pay for your Domestic Partners expenses.
- Medical Auto Claim Forwarding with CIGNA is not an option.
- Your Domestic Partner can open their own individual HSA account with the family maximum contribution of \$6550. This account can be used for their individual expenses.
- You and your Domestic partner can NOT use the HSA accounts for each others claims. (This includes your Domestic Partner's children)
- The amount that an individual is eligible to contribute to their HSA account is based on coverage level. (DP children's claims are also not eligible expenses)

**If you have questions, or would like more information on how the medical plans work, please contact: Customer service 24/7 by calling 800-244-6224**



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