
crestline village



WATER DISTRICT

Memo

To: Board of Directors
From: Larrie Ann Davis
Date: May 18, 2021
Subject: Consumer Driven Health Plans

Attached is information regarding Consumer Driven Health Plans offered through ACWA JPIA. At the April 20, 2021 Board meeting, it was requested that ACWA JPIA make a presentation on these plans at the May board meeting.

Jackie Rech, ACWA JPIA Employee Benefits Account Manager will do a short presentation at the meeting and be available to answer any questions.



Crestline Village Water District

Consumer Driven Health Plans



What is a Consumer Driven Health Plan (CDHP)?

- A tax advantaged health plan that provides coverage for current medical and pharmacy expenses - and allows you to save for future health care expenses
- Two components:



- ACWA JPIA recommends the following annual employer HSA funding:
 - Kaiser: \$1,500 EE Only / \$3,000 EE + 1 or Family coverage

How the CDHP with HSA Works

Phase 1: Deductible

You pay 100% of the first \$1,500 (single) or \$3,000 (family) for all medical and prescription expenses, then...

Use
HSA \$

Phase 2: Co-insurance / Co-pays

You pay copayments or coinsurance until you have spent up to the Out of Pocket Max, then...

Use
HSA \$

Phase 3: Max Out-of-Pocket

All medical and prescription expenses are covered at no cost.

Traditional Plan and CDHP Benefit Comparison

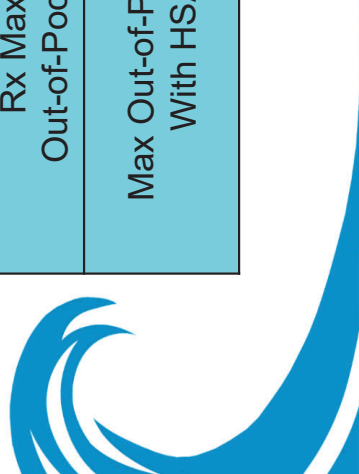
	Kaiser Traditional HMO	Kaiser CDHP
Preventive Care	No Charge	No Charge
Calendar Year Deductible	\$0	\$1,500 individual \$3,000 Family
Doctor Co-pay	\$10	\$20 after deductible
ER Visit	\$50	\$100 after deductible
Hospitalization Facility	\$0	\$250 after deductible
Hospitalization Services	\$0	Included in the above
Rx (30-day)	\$5/\$15	\$10/\$30 after deductible
Calendar Year Medical Max Out-Of-Pocket	\$1,500 individual/ \$3,000 family	\$2,800 individual/ \$5,600 family
Calendar Year Rx Max Out-Of-Pocket		

Most benefits on the CDHP plans, except preventive care, are subject to the deductible. This is only a *brief* summary of benefits. The EOC prevails in the event of a discrepancy.

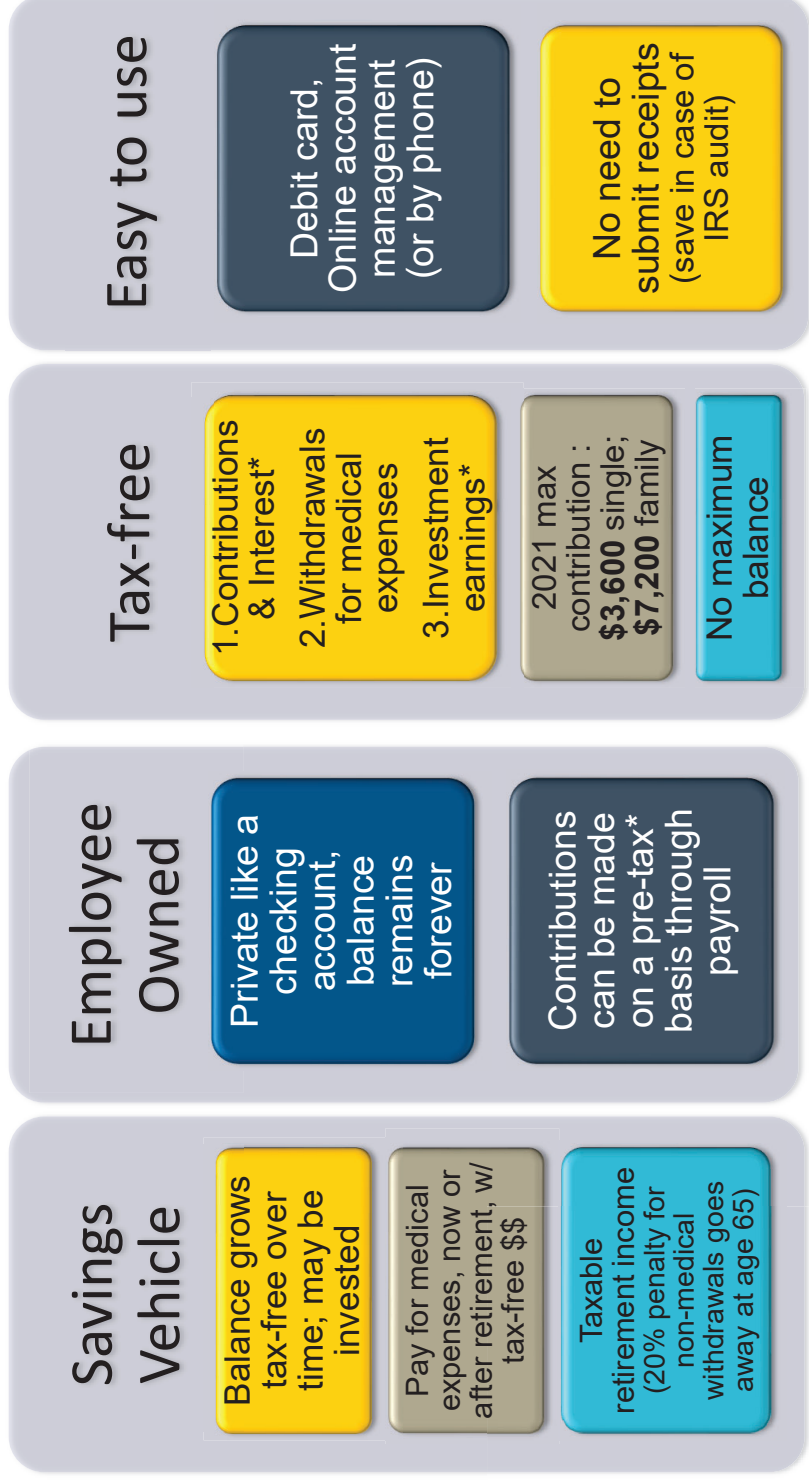


Plan Out of Pocket Cost Comparison

	Kaiser HMO	Kaiser CDHP
Employer HSA Contribution	N/A	\$1,500 EE \$3,000 EE+1 \$3,000 Family
Calendar Year Deductible	\$0	\$1,500 / \$3,000
Deductible with HSA	\$0 EE \$0 EE+1 \$0 Family	\$0 EE \$0 EE+1 \$0 Family
Medical Max Out-of-Pocket	\$1,500 / \$3,000	\$2,800 / \$5,600
Rx Max Out-of-Pocket		
Max Out-of-Pocket With HSA	\$1,500 EE \$3,000 EE+1 \$3,000 Family	\$1,300 EE \$2,600 EE+1 \$2,600 Family



Health Savings Accounts



* Federally tax free only



HSA Contribution Rules

- Subscriber must be enrolled in an HSA-eligible CDHP
- Subscriber can't have other medical coverage
 - Exception: another HSA-eligible CDHP
- Subscriber can't have Medicare
- Subscriber or spouse can't have access to an FSA or HRA unless it is a limited-purpose (dental/vision only) plan or post-deductible plan
- Subscriber can't be claimed as a dependent on someone else's tax return



HSA Withdrawal Rules

- Medical, dental, vision expenses for self or eligible tax-dependents
 - Dependents do not have to be claimed but must be eligible to be claimed
- Ineligible withdrawals subject to 20% penalty plus taxes
- After age 65, may be withdrawn without penalty, as taxable income
- Can be used tax-free for future medical, dental, vision expenses even if not enrolled in CDHP
- No submission of receipts to HSA administrator
- Save receipts in case of IRS audit



CDHP Participant: How to Use Funds in HSA

- First step as an account holder: Register and login with the HSA vendor to obtain online access to your account
- At the pharmacy or doctor's office, use your HSA debit card if you wish to use HSA funds to pay for services
- For health care bills you receive from your provider, you can pay them directly from your HSA through your online account if you wish to use HSA funds
- If you pay for services out of pocket, you can transfer funds from your HSA directly into your checking account if you want to reimburse yourself



CDHP Participant: Important Reminders

- Keep track of claims and health expenses
 - Review Explanation of Benefits (EOBs) from insurance carrier and match with provider bills
- Manage HSA investments (investing is optional)
- Shop for lower cost services
- Coordinate reasonable treatment options with physicians and medical providers



Estimated District Annual Cost Savings

District Enrollment Count				
Plan Name	Employee Only	Employee + 1	Family	Grand Total
Kaiser Traditional HMO	2	5	3	10

Maximum District Annual Cost Savings (see notes below)				
Mligration	Employee Only	Employee + 1	Family	Grand Total
Kaiser Traditional to Kaiser CDHP	\$1,748	\$8,741	<\$432>	\$10,089

- Cost savings are based on current plan premiums and cost share strategy of CVWD and assumes all Kaiser Traditional HMO participants moving to the Kaiser CDHP plan. Cost savings include monies paid by the District to fund employee HSAs. Cost savings may vary based on actual migration of participants and cost shares implemented.
- Family Tier participants who move to the CDHP will incur additional cost to the District due to the current cost share strategy.
- Migration of the two CalCare HMO participants not shown as this is unlikely. Anthem CDHP not shown as there are no Classic PPO participants.

Note: Premium differences do not reflect HSA administration fees. If district chooses to utilize HealthEquity when providing employee HSAs, the district will also be responsible for the \$2.95 per member per month administration fee for active employees that enroll in the HSA.

Estimated District Cost Savings Per Participant

Per Participant District Annual Cost Savings (see notes below)			
Migration	Employee Only	Employee + 1	Family
Kaiser Traditional to Kaiser CDHP	\$874	\$1,748	<\$133>

- Cost savings are based on current plan premiums and cost share strategy of CVWD. This table shows cost savings per migrating participant.
- Due to the current cost share strategy, additional cost to the district of \$133.44 per year for any employee on the Kaiser Traditional family tier moving to the CDHP family tier.
- Cost savings include monies paid by the District to fund employee HSAs. Cost savings may vary based on cost shares implemented.

Note: Premium differences do not reflect HSA administration fees. If district chooses to utilize HealthEquity when providing employee HSAs, the district will also be responsible for the \$2.95 per member per month administration fee for active employees that enroll in the HSA.



Considerations

- We recommend funding the Health Savings Accounts at the beginning of the calendar year to help defray the deductible (although this is not required)
- It is not a requirement for employers to fund employee HSAs, however, adoption will be minimal without it
- We recommend adding a CDHP as a plan option, not a replacement for a current plan
- You may implement one or both of the Anthem and Kaiser CDHP plans
- There is no charge for these plans or the HSA if there are no participants



HealthEquity HSA

- No contract needed to establish HealthEquity as your HSA vendor
- No set up cost
- Discounted pricing of \$2.95 per account per month
- Reduced investment threshold for employees from \$2,000 to \$1,000
- Automated enrollment through bswift file feed
- Members simply complete a payroll deduction form and sign off on HealthEquity HSA custodial agreement after electing CDHP in bswift
- Employer portal provided to submit payroll and employer contributions as well as to pay invoices



Implementation Steps

1. Establish Employer HSA Contribution Strategy
2. Select an HSA Vendor
3. Submit application to JPIA to update medical options
4. Plan Employee Open Enrollment and Communications
5. Update Cafeteria 125 POP plan if needed

