



**MOODY**  
BIBLE INSTITUTE™

# SMOOTH Sailing

- A STEP-BY-STEP GUIDE TO NAVIGATING THE HDHP



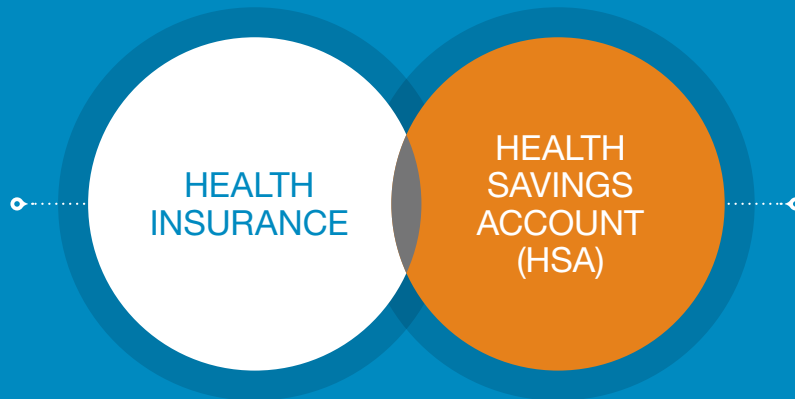
# How the HDHP Works

We offer a “high-deductible health plan,” or HDHP, to you and your eligible dependents. It provides comprehensive medical insurance tied to a tax-advantaged health savings account (HSA) that lets you decide how to spend your health care dollars.

## The Basics

Essentially, the HDHP is made up of two parts:

The health insurance portion of the HDHP has lower **premiums** than a traditional PPO plan, in exchange for a higher **deductible**. This means you'll pay less out of your paycheck each month for coverage, but will have to meet a higher dollar amount before the plan starts paying for **qualified health care expenses**.

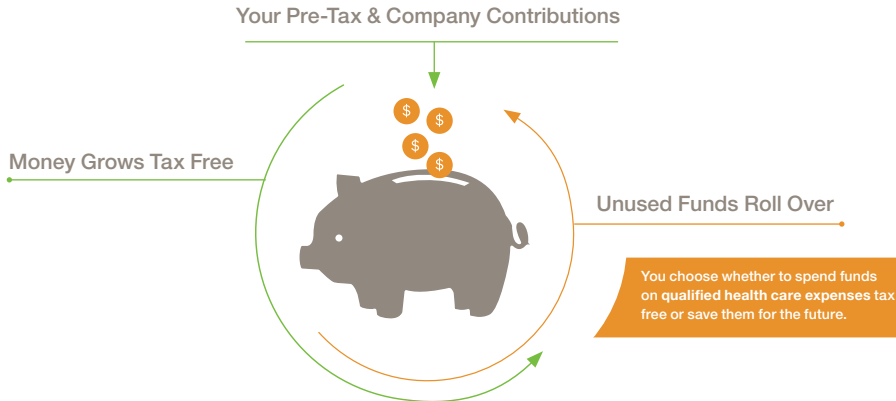


The HDHP comes with a health savings account (HSA), which is your personal health care savings vehicle. It enables you to set aside pre-tax dollars through payroll deductions to help cover **qualified health care expenses**. The company also contributes funds to your HSA to help your account grow.

You can either use your HSA funds to pay for **qualified health care expenses** now, or you can pay out of your own pocket and save your HSA funds for future **health care expenses**—even those in retirement.

# How the HSA Works

You have the option of making pre-tax contributions to your HSA.\* To help your account grow, the company contributes \$600 for employee-only coverage and \$1,200 for family coverage. Then, you choose whether to spend your HSA funds on **qualified health care expenses** or save them for the future. Money in your account grows tax-free, and unused funds roll over year to year.



## Go for **Bold**

See the words in **bold**? Flip to our “Helpful Terminology” section at the end of this guide to find out what these important benefit terms mean!

\*Your contributions, when combined with the company's contributions, may not exceed the 2019 IRS limits of \$3,500 for employee-only coverage or \$7,000 for family coverage.

# The HDHP In Action

This step-by-step guide shows how qualified in-network expenses are covered under the HDHP.



1. The company contributes to your HSA. You can also contribute via pre-tax payroll deductions up to the IRS annual maximum.\*



2. The plan covers qualified, **in-network** preventive medical services at 100 percent. You pay nothing for these services. Examples include routine medical exams, immunizations and cancer screenings.



3. For all other medical expenses, including prescription drug expenses, you pay 100 percent. You choose whether to pay for **qualified health care expenses** using funds from your HSA or by paying out of pocket.



4. Once you meet your annual **deductible**, the HDHP pays 80 percent for **in-network** services.



5. Once you reach your annual **out-of-pocket maximum**, the plan pays 100 percent of the cost for eligible **in-network** services, and you pay nothing for the remainder of the calendar year.

*\*The 2019 IRS annual maximum is \$3,500 for individual coverage and \$7,000 for family coverage. If you are over age 55, you can make catch-up contributions up to \$1,000 per year until you enroll in Medicare.*

# Advantages of the HSA

Simply put, an HSA puts health care spending in your hands.

## TRIPLE-TAX ADVANTAGE

- You contribute funds pre-tax through convenient payroll deductions. This means the money comes out of your paycheck before income tax is calculated. So, you get to keep a bigger portion of your paycheck.
- HSA funds grow tax-free, and unused funds roll over year to year. So the more you save, the more your account will grow—just like a bank savings account.
- If you need to use your HSA funds, you can withdraw them tax-free to pay for **qualified health care expenses** now and in the future—even in retirement.

## CONTROL

You own and control the money in your HSA. You decide how you want to spend it or if you want to spend it. You can use it to pay for doctor's visits, prescriptions, braces, glasses—even laser vision correction surgery.

## INVESTMENT OPPORTUNITIES

Once you reach and maintain a minimum threshold, you can make investments to help your money grow tax-free.

## SAVINGS POTENTIAL

Your HSA is like a “health care 401(k).” There is no “use it or lose it” rule. Your account grows over time as you continue to roll over unused dollars from year to year.

## PORTABILITY

Your HSA is yours for life. The money is yours to spend or save, regardless of whether you change health plans,\* retire or leave the company.

*\*You must be enrolled in an IRS-qualified high-deductible health plan, such as ours, to contribute to an HSA.*



# Which Plan Is Right for You?

It's important to discuss your options with your family. To help, consider the following questions:

- Do you expect to have many health care expenses (excluding preventive care) throughout the year?
- Are you paying higher **premiums** for coverage you don't use?
- Does it make sense to pay less up front in **premiums** in exchange for a higher **deductible** and **out-of-pocket maximum**?



# Helpful Terminology

Following are definitions of terms commonly used when discussing benefits.

## COINSURANCE

The percentage the plan or you pay for a covered service or supply. For example, the plan may pay 80 percent while you pay 20 percent.

## DEDUCTIBLE

The amount you pay each year before the plan begins to pay **coinsurance**.

## IN-NETWORK & OUT-OF-NETWORK PROVIDERS

Benefit plans develop networks by contracting with doctors, hospitals, labs, etc., who have agreed to provide health care services to members at negotiated rates. You generally pay less out of pocket when you use **in-network** providers.

## OUT-OF-POCKET MAXIMUM

The maximum amount you will pay out of pocket for covered medical expenses per calendar year including your **deductible**. After your share of covered expenses reaches this annual limit, the plan pays 100

percent for eligible **in-network** services and supplies for the remainder of the calendar year.

## PREMIUMS

The amount you pay to participate in insurance plans.

## QUALIFIED HEALTH CARE EXPENSES

HSAs enable you to pay for certain **qualified health care expenses** on a tax-free basis, including qualified medical, dental and vision expenses not covered by insurance, as defined by the IRS in Publication 502, available at <http://www.irs.gov/pub/irs-pdf/p502.pdf>.

You can also use HSA funds to cover COBRA **premiums**, qualified long-term care insurance and expenses, health insurance **premiums** when receiving unemployment and Medicare and retiree health insurance **premiums** (excluding Medicare supplement and Medigap insurance **premiums**).

## Did You Know?



- The HDHP pays 100 percent for qualified **in-network** preventive care.
- After your share of covered costs reaches the annual **out-of-pocket maximum**, the plan pays 100 percent for eligible **in-network** services for the remainder of the calendar year.