

THE COUNTY PLAN

A plan to help you Take Charge of Your Health

MONTGOMERY COUNTY'S NEW OFFERING FOR JULY 1, 2011

Disclaimer



- Each person's needs for health care vary. You are responsible for reviewing and researching the information provided based on your own needs and circumstances.
- Decisions you make about your benefits should be made based on specific knowledge of your own needs.
- Cost information provided is illustrative only and is not to be used/mistaken for legal guidance.
- You should consult a financial or tax advisor to discuss your individual situation.
- All financial investment information should be reviewed with a financial professional.

“The County Plan” – new for July 1, 2011



- Effective July 1, 2011, Montgomery County will be replacing the Value Plan with a qualified High Deductible Health Plan (HDHP)
- The name of the plan is the “The County Plan”
 - There will also be a Buy-Up Plan which is very similar to the current Enhanced Plan
- Employee contributions are lower for The County Plan
- Anthem’s “brand name” for the plan = Lumenos
 - Members will very likely see the term Lumenos in many places; ID cards, the website, EOB’s

“The County Plan” – new for July 1, 2011

- In order for a plan to be deemed a qualified HDHP by the IRS, certain plan design features must be present:
 - The deductible must be at least \$1,200 single **(MC \$1,500)**/ \$2,400 family **(MC \$3,000)**
 - The out of pocket max must be less than \$5,950 single **(MC \$3,600)**/ \$11,900 family **(MC \$5,200)**
 - There can be no first dollar coverage

*All services must be subject to deductible and coinsurance
even PRESCRIPTION DRUGS!!!*
- The County Plan works well with a Health Savings Account (HSA)
- Employees enrolled in The County Plan, have the option to make contributions to an HSA
 - Enrollment in a qualified HDHP is required in order for members to contribute to an (HSA)
- 2011 Contributions to an HSA are limited to:
 - Single = \$3,050
 - Family = \$6,150

The County Plan: In-Network

Preventive Care
100% In-Network

Stay healthy with Preventive Care coverage

Health Savings Account

Tax advantaged savings account to pay for current or future medical expenses

Contributions can be made to the HSA account for use toward deductible and/or coinsurance

Employee contributions made via payroll deduction will be matched by the County up to a max of \$1,000

Annual Deductible
\$1,500/\$3,000

Employee pays 100% of the costs for medical care and prescription drugs until the deductible is met

Coinsurance Begins

30% up to out of pocket maximum
\$3,600/\$5,200

Once the deductible has been met, coinsurance begins. Employees will pay 30% of the cost of coverage up to the out of pocket maximum

Once out-of-pocket max is met, plan pays 100%

Health Savings Account/Benefits

- The HSA can be used to pay health care costs such as deductibles, co-insurance and other qualified medical expenses
- Used to pay for qualified health care expenses on a tax free basis (qualified list at www.irs.gov)
 - **You OWN the account**
 - **Contributions can be made by you and your employer**
- All funds remaining in your HSA at the end of the year remain in your account and can be used to pay for future qualified medical expenses

Health Savings Account/ Benefits



- The HSA is an interest bearing account
- No claims submission is required for an HSA
- You **MUST** keep your own receipts as proof that your purchases were eligible expenses, in case you are audited by the IRS
- You may use your debit card or use On-Line Bill Payer to pay medical bills or providers directly

HSA Tax Benefits

- Contributions made via payroll deduction are pre-tax
 - ▣ Reduces your federal adjusted gross income (the amount you pay tax on)

- Contributions made by personal check are post-tax
 - ▣ You will need to make an adjustment on your gross income when you file your taxes to receive the tax benefit

- If you use your HSA for a non-qualified expense (e.g. not covered services or qualified medical expenses), you will have to pay tax on the expense and are subject to a 20% penalty on the amount

- You may also contribute to a **limited purpose FSA** which limits reimbursements to eligible dental and vision care

Am I Eligible for the HSA Plan?

The IRS and the U.S. Department of the Treasury have specific rules on who can open an HSA.

You can open an HSA if you:

- ▣ Are enrolled in The County Plan, because it features all the components necessary to be a qualified plan
- ▣ Are a U.S. resident but not a resident of Puerto Rico or American Samoa
- ▣ Are not enrolled in Medicare
- ▣ Are not claimed as a dependent on another individual's tax return
- ▣ Are not active military
- ▣ Others – refer to online health site

Note: You cannot open an HSA if you have coverage under any other health plan that is not an HSA-compatible health plan.

Health Savings Account - Cautions

- Employee pays 100% of the costs for medical care and prescription drugs until the deductible is met
- The employee decides what is a qualified medical expense and runs the risk of an audit (Keep receipts and good records)
- No co-pays
- There are annual contribution maximums (determined by IRS)
- HSA bank account has your normal banking fees (monthly service charge of \$2.95, overdraft, additional checks, additional debit cards, etc.)

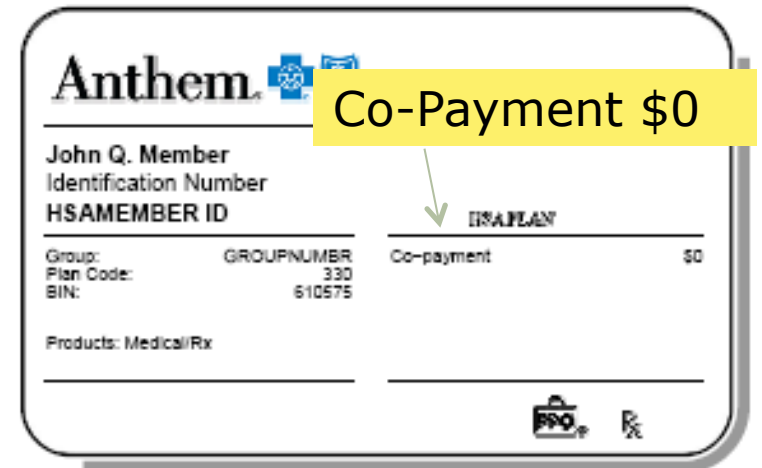
HOW DOES THE COUNTY PLAN WORK?



Using The County Plan to Get Care

When you visit an in-network doctor:

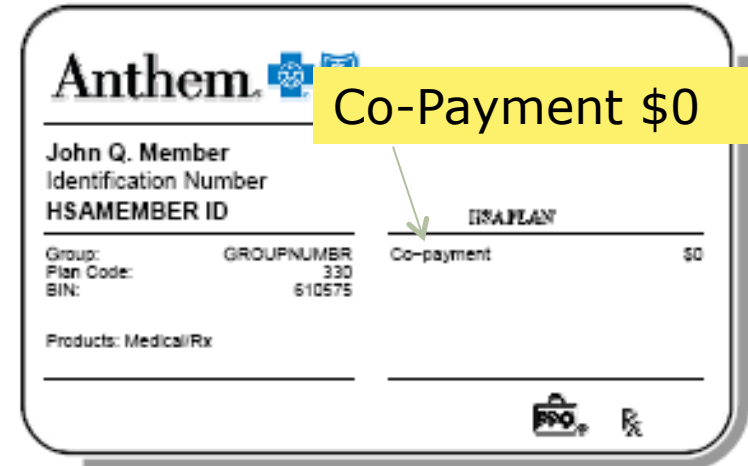
- Even if you've seen that doctor before, show your ID card at the time of service since the plan is new
- Typically you pay nothing at the time of service; your provider will file a claim
- You will receive an Explanation of Benefits (EOB) from Anthem showing the total cost and the "allowed" cost. Your provider will then bill you for the "allowed" cost of the service(s)
- If you have funds in your HSA you can pay your provider using your HSA checkbook or debit card



Using The County Plan to Get Care

When you visit a doctor that is not in the network:

- Even if you've seen that doctor before, show your ID card at the time of service since the plan is new
- You may be asked to pay at the time of services.
- Use your HSA checkbook or debit card to pay your provider for services (provided you have the funds available)
- If your provider does not file a claim on your behalf, you will need to file a claim with Anthem BCBS to ensure expenses get applied towards your out-of-pocket.
- You can download a claim form at anthem.com



Using The County Plan to Get Prescriptions

- Medco is the new administrator of the Prescription Drug Plan
- Anthem and Medco are fully integrated with respect to the HSA and using monies at the pharmacy
- When you visit a pharmacy:
 - Show your **Medco ID card** at the pharmacy – since the plan is new
 - Until you have satisfied your annual deductible you will pay the full discounted cost of your prescription drugs – there are no co-pays
 - You can pay for your prescription at the pharmacy using your HSA debit card or checkbook as long as there are funds available in your HSA account
- When you order prescriptions by mail:
 - Order a 90-day prescription drug supply
 - Take advantage of our ability to buy in volume and potentially save you money
 - Download a mail order form from **medco.com** or **mcbenefits.org** to order your original prescription and you can then order refills by phone

HOW DOES THE HSA WORK?



Who is Holding the Funds in My HSA?



Mellon Bank will be the institution holding the funds.

Mellon is Anthem's banking partner and The County chose to use Mellon for the integration capabilities available with Anthem.

Services provided by Mellon:

- Your debit card and PIN
- Your HSA checkbook
- FDIC insurance
- Monthly account statements
- Year-end tax forms

How does the HSA work?

- For 2011, Montgomery County is offering a sponsored HSA through Anthem BCBS
 - Mellon Bank is the trustee of these accounts
 - Your contributions may be payroll deducted
- Contributions can be made to an HSA account and the 2011 limits are:
 - Single coverage - \$3,050
 - Family coverage - \$6,150
- Once you enroll in the County Plan, you will receive information from Mellon Bank on how to activate your HSA account
- **You must activate your account by June 30, 2011 so that your contributions have a place to go**

How does the debit card work?

- Your HSA debit card will include a Master Card logo and you may access the money in your account, via your debit card, just as you would any other debit or credit card
- Funds must actually be in your account before you have access to them – like a regular checking account
- This is a tax exempt account and can be used to pay for qualified expenses, such as:
 - ▣ Physician office visit charges and prescription drug charges
 - ▣ Charges for over the counter drugs and medical equipment
 - ▣ Dental care expenses
 - ▣ Vision care and equipment expenses
- The responsibility is on the member to ensure all monies are used for qualified medical expenses

Covered and Qualified Medical Expenses

Covered Medical Expenses	Qualified Medical Expenses
<p>Medical expenses are the actual cost of care. Generally, these expenses are covered by the medical plan</p> <p>Some examples are:</p> <ul style="list-style-type: none">• Dr. Office/Specialist/Chiropractic Visits• Hospital Stays, Radiology, Lab Work• Speech/Occupational/Physical therapies• Prescription Drugs <p><i>All of these expenses can be paid using your HSA account</i></p>	<p>Qualified medical expenses are those expenses that are not covered by your Medical Plan and don't count towards your deductible, but you may still use HSA funds for payment</p> <p>Some examples are:</p> <ul style="list-style-type: none">• Copays, coinsurance• Vision checkups, glasses• Over-the-counter drugs• Dental care, etc. <p><i>All of these expenses can be paid using your HSA account</i></p>

For a complete listing of qualified medical expenses, visit www.irs.gov and search "Publication 502".

FUNDING YOUR HSA



Making Contributions to Your HSA

There are several ways you can contribute to your account:

- Tax-free through payroll deductions. The County will match payroll deductions **up to** \$1,000. 50% of the match amount will be available for use on July 1, 2011
- Post-tax by personal check
 - You can make an adjustment to your gross income when you file your taxes to receive the tax benefit
 - You'll receive deposit slips for your HSA in the mail
- Anyone may contribute to your HSA, provided the total contributions to your HSA do not exceed your maximum allowable annual limit
 - \$3,050 for individual coverage
 - \$6,150 for family coverage
- An additional contribution of up to \$1,000 can be made if you are 55 years of age or older

Funding the HSA

Annual HSA contribution maximums:

Employee Only \$3,050

Employee +1/Family \$6,150

Employee Contributions	\$1,000
Montgomery County Match	\$1,000
2 Incentives	\$900
FSA Contributions	2010-11 amount
Prescription Co-Pays on Buy-Up Plan	2010-11 amount

Funding an Employee Only HSA

Difference in monthly employee contributions	
2010 – 2011 Enhanced Plan	\$ 49
2011 – 2012 County Plan	\$ 10
Total Monthly Savings	\$ 39
Total Annual Savings	\$468
Contributions to HSA	
Employee Contribution	\$468
Montgomery County Match (50% on 7/1/11)	\$468
2 Incentives	\$900
Total annual HSA contribution	\$1836

Funding a Employee +1 HSA

Difference in monthly employee contributions	
2010 – 2011 Enhanced Plan	\$ 97
2011 – 2012 County Plan	\$ 20
Total Monthly Savings	\$ 77
Total Annual Savings	\$924
Contributions to HSA	
Employee Contribution	\$924
Montgomery County Match (50% on 7/1/11)	\$924
2 Incentives	\$900
Total annual HSA contribution	\$2,748

Funding a Family HSA

Difference in monthly employee contributions	
2010 – 2011 Enhanced Plan	\$ 159
2011 – 2012 County Plan	\$ 30
Total Monthly Savings	\$ 129
Total Annual Savings	\$1548
Contributions to HSA	
Employee Contribution	\$1548
Montgomery County Match (50% on 7/1/11)	\$1000
2 Incentives	\$ 900
Total annual HSA contribution	\$3448

EXAMPLES



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