

Choice Fund Medical Plan with Health Savings Account (HSA) Frequently Asked Questions

WHAT IS A HEALTH SAVINGS ACCOUNT (HSA)?

1. What is a Health Savings Account (HSA)?

A Health Savings Account (HSA) is a tax-advantaged medical savings account that allows individuals to set aside pre-tax dollars to pay for current and future medical expenses. Maricopa County offers this type of account to individuals who are enrolled in the Choice Fund Medical Plan - *a High Deductible Health Plan (HDHP)* – and who are not covered under any other health insurance including Medicare. Contributions to an HSA are pre-tax and earn interest, and may be made by the employer, the employee or both. Because HSA funds are intended to be used to pay for qualified medical expenses, using such funds for other purposes may result in penalties and other tax liabilities. As with other types of savings accounts, any money not spent will accumulate from year to year, and the balance will be available to you when you need it. The account itself is portable, meaning you can take it with you should you leave your employment with Maricopa County.

2. Is there a difference between the Choice Fund Medical Plan and an HSA?

The Choice Fund Medical Plan is a High Deductible Health Plan that does not cover your medical expenses until a deductible is satisfied. The exception is preventive care which does not require that the deductible be satisfied first. With the Choice Fund Medical Plan, the annual deductible is \$1,200 for an individual and \$2,400 for a family.

When you enroll in the Choice Fund Medical Plan, you may also open an HSA which is a bank account fully owned and managed by you. The account is intended to hold pre-tax dollars you set aside to pay for qualified medical expenses. When Maricopa County makes its contribution to your HSA (up to \$500 for individual coverage or \$1,000 for family coverage), the monies are deposited into your account. If you elect to have payroll deductions made to your HSA, those contributions are deposited into your account.

3. Where can I find information regarding the rules that govern HSA's?

The Internal Revenue Service Web site is a good source for information about Health Savings Accounts. IRS Publication 969 is particularly helpful. Go to www.irs.gov/publications/p969/ar02.html.

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- 4. I am considering enrolling in the Choice Fund Medical Plan. Can you help me understand how to determine my risk?**

To learn more about the Choice Fund Medical Plan or for help choosing the Medical Plan that best suits your needs, visit www.myCIGNAplans.com (Username: maricopacounty2011, password cigna) to access a plan comparison, or contact the CIGNA Choice Fund Customer Service Department at 866-524-2483 to speak to a representative knowledgeable about this plan. Information about the Choice Fund Medical Plan and all other plans offered through Maricopa County may also be found in the *What's New* or the *Know Your Benefits* booklets posted on the Employee Benefits Web site.

HOW DOES THE CHOICE FUND MEDICAL PLAN WORK?

MEDICAL SERVICES:

- 5. If I change my current benefits election to the Choice Fund Medical Plan, will I be subject to the pre-existing condition limitation?**

No, if you have had continuous coverage for the last 12 consecutive months through a County medical plan (or any other group health insurance plan), the pre-existing condition limitation will not apply.

- 6. If I enroll in the Choice Fund Medical Plan, will I still have the same level of healthcare available to me as I would with a traditional HMO?**

Yes. The Choice Fund Medical Plan makes available to you the same level of healthcare but with a larger PPO network of providers from which to choose.

- 7. How big is the PPO Network under the Choice Fund Medical Plan? And, is it true that as long as a provider has a contract with CIGNA, they are considered in-network for the Choice Fund Medical Plan?**

The PPO Network is the largest network available through CIGNA. To be considered in-network, a provider must be contracted with CIGNA's National PPO network. You may go to www.cigna.com, input your doctor's name and select the PPO network to find out if your doctor is a contracted provider.

- 8. Does the CIGNA Care Network (CCN) apply to the cost of services for the Choice Fund Medical Plan?**

No, the CCN does not apply to the Choice Fund Medical Plan..

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- 9. Since copayments are not used with the Choice Fund Medical Plan, will I be required to pay the full cost of a doctor's visit and will the total amount I pay count towards my deductible?**

If you go to a CIGNA contracted provider for a non-preventive visit, you will be required to pay the full contracted (discounted) rate for the office visit and yes, it will apply towards your deductible. Preventive visits are provided at no cost.

- 10. If I am enrolled in the Choice Fund Medical Plan, at what point do I pay the co-insurance for my medical expenses?**

Once the annual deductible is satisfied, the 10% co-insurance for in-network or 30% for out-of-network medical expenses applies until the point that you reach your out-of-pocket maximum. For individual coverage, the deductible is \$1,200 and the out-of-pocket maximum is \$2,000. For family coverage, the deductible is \$2,400 and the out-of-pocket maximum is \$4,000.

- 11. If I am enrolled in the Choice Fund Medical Plan, at what point are my eligible medical expenses covered at 100%?**

Generally, eligible medical expenses are covered at 100% once the out-of-pocket maximum has been reached. The out-of-pocket maximums are \$2,000 for individual coverage or \$4,000 for family coverage. Expenses that accumulate toward the out-of-pocket maximum for this plan include the plan deductible and co-insurance amounts that are applied to services once your deductible has been met.

Non-compliance penalties, non-covered services and out-of-network provider charges in excess of the maximum reimbursable charge (difference between billed amount for service and the CIGNA contracted rate) do not count toward the out-of-pocket maximum.

- 12. What happens if my out-of-pocket medical expenses exceed the amount I have in my HSA at the beginning of the plan year?**

Only the money that is in your HSA at any given time is available for your use. Should you need to cover out-of-pocket medical expenses in excess of your account balance, you may want to consider depositing additional funds into your HSA (outside of payroll). Or, you may try to make arrangements to pay providers over the course of time while contributions accumulate in your HSA.

- 13. If a health care provider insists on receiving payment at the time of service, will CIGNA reimburse me if I pay the provider up front?**

Once a claim is processed, CIGNA will send an Explanation of Benefits (EOB) to your provider notifying them what you owe. If you have overpaid, it is up to

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you to seek reimbursement from the provider for any payments made that were not required.

14. Is pre-authorization needed for certain medical services if I am enrolled in the Choice Fund Medical Plan?

Yes, prior authorization is required for certain medical services. For in-network services, it is the provider's responsibility to obtain prior authorization and for out-of-network services it is your responsibility. There is a 50% penalty if no prior authorization is obtained for out-of-network services. Please review the CIGNA Choice Fund Summary of Benefits for a list of services that may require prior authorization.

http://ebc.maricopa.gov/ehi/pdf/2010/CIGNA_HSA/hsa_summary.pdf

15. Can I use my HSA to pay for dental and vision expenses?

Dental and vision expenses are qualified expenses that can be paid for from your HSA, but such expenses will not count towards your medical deductible or out-of-pocket maximum. Please refer to IRS Publication 502, medical and dental expenses, for more details.

16. Since I can use my HSA to pay for dental and vision expenses, what would be the advantage of enrolling in the Limited Use Health Care Flexible Spending Account (FSA)?

The Limited Use Health Care FSA allows you to set aside pre-tax money to help pay for qualified dental and vision expenses. The primary difference is that with a Limited Use FSA, the full amount of your annual pledged contribution is available to you as of July 1, whereas with the HSA only funds which have been deposited in your account are available for use. Having both options available also allows you to tax shelter additional funds.

17. What happens to my HSA if I get divorced? Will my spouse be entitled to half of the funds in the account?

The HSA is established in your name only. You may also want to seek the advice of an attorney or tax advisor should this situation arise.

18. When I use my Chase debit card to access funds from my HSA, will the system automatically recognize which items or expenses are qualified medical expenses?

The bank will not determine which items or expenses are considered qualified medical expenses. At tax time, you will need to attest that you used your HSA for qualified medical expenses. Other usage may result in penalties or tax

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liabilities. Refer to IRS Publication 502 for more information on qualified medical expenses.

19. I am not currently enrolled in the Choice Fund Medical Plan, but would like to view the contracted rates for providers and prescriptions. How can I do this?

If you are not currently enrolled in the HSA, you will not be able to view the contracted rate for prescriptions. You will be able to view the drugs included on the formulary on the CIGNA Web site, but not the cost. You can view the contracted rate for providers by going to mycigna.com, and looking at your claims history. You can also review your prescription costs on the WHI Web site. These sites will give you a reasonable cost estimate of what you'd expect to be charged on the Choice Fund Medical Plan.

20. I currently participate in the Health Care Flexible Spending Account, and am planning to enroll in the Choice Fund Medical Plan effective July 1. Will I still have the grace period until September 15th to use the dollars remaining in my FSA?

Because you cannot have both an HSA and a General Purpose Health Care FSA at the same time, if you enroll in the Choice Fund Medical Plan and open an HSA effective July 1, you will forfeit any monies in your FSA for which a service has not been incurred by the end of the current plan year, June 30, 2011.

21. The Enrollment Form indicates that I must not be enrolled in another health insurance plan in order to be eligible to participate in the HSA. Does enrollment in the HSA exclude me from enrolling in dental or vision coverage?

The language in the HSA application states "You must not be enrolled in another health insurance plan, either as an employee or dependent, other than another high-deductible health plan, or a plan providing specific, limited coverage (such as specific disease insurance, dental insurance, vision insurance...).". This allows for enrollment in a limited coverage plan such as dental or vision.

22. The HSA Adoption Agreement states that your employer may elect to pay some of the associated fees related to the HSA (e.g; monthly maintenance or account statement fees). Does Maricopa County pay for any of these fees?

While Maricopa County does not pay any fees associated with maintenance of an HSA, such fees do not apply to active employees. Fees are only assessed

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if your employment status with the County changes (i.e., you are no longer employed). Administrative fees for options an employee elects such as check orders, paper statements, etc. are the responsibility of the employee.

23. When a husband and wife both work for Maricopa County, and the husband enrolls in the Choice Fund Medical Plan with his wife as a dependent, can both spouses make employee contributions to the husband's HSA?

Payroll deductions to your HSA can only be made by the insured (primary card holder) so your spouse, who is also a County employee, cannot contribute to your HSA through payroll deductions.

According to IRS Publication 969, "any eligible individual can contribute to an HSA. For an employee's HSA, the employee, the employee's employer, or both may contribute to the employee's HSA in the same year. For an HSA established by a self-employed (or unemployed) individual, the individual can contribute. Family members or any other person may also make contributions on behalf of an eligible individual". You may wish to refer to the publication for the definition of an eligible individual in terms of qualifying for an HSA.

PHARMACY SERVICES:

24. The Choice Fund Medical Plan has an annual deductible of \$1,200 for individual or \$2,400 for family coverage. When I pay full price for a prescription at the pharmacy, does the amount I pay count towards satisfying my deductible?

Yes, the contracted rate (discounted rate) for all medication fills that are not on the Preventive Drug List count towards satisfying your deductible. Medications on the Preventive Medication List are not subject to the deductible. Generic and preferred-brand preventive medications are free. Non-preferred-brand preventive medication has a 50% co-insurance.

25. Since the pharmacy benefit for the Choice Fund Medical Plan is administered through CIGNA instead of Walgreens, will I be required to go to a CIGNA pharmacy to get my prescriptions filled? Where can I find a list of available pharmacies?

With the Choice Fund Medical Plan, you have the option of going to any pharmacy within the CIGNA pharmacy network. This is a very broad network and it would be hard to find a pharmacy that wasn't included with the exception of a small, independent pharmacy. The link to the online provider directory is listed below. Click on "Pharmacy" option.

<http://cigna.benefitnation.net/cigna/docdir.aspx>

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- 26. I am enrolled in the Choice Fund Medical Plan, and my healthcare provider has prescribed a preventive medication which is listed as Non-Preferred. How much will I have to pay for the medication, and will I have to satisfy my deductible first?**

A preventive medication which is classified as non-preferred will process at a 50% co-insurance, and is not applied to your deductible. Preventive medications which are generic or preferred-brand are free. Refer to the Preventive Drug List for more details.

SETTING UP AND CONTRIBUTING TO YOUR HEALTH SAVINGS ACCOUNT

- 27. The option to enroll in the Choice Fund Medical Plan is available on the Benefit Enrollment System in the ADP portal, but how do I arrange to have payroll deductions for contributions I wish to make to my HSA?**

Once you enroll in the Choice Fund Medical Plan, you will be given the option of electing an annual amount you wish to have deducted from your paycheck and contributed to your HSA. This amount will be divided by the number of remaining pay periods in the Plan Year (26 for a full Plan Year) For 2011, the annual contribution limit to an HSA is \$3,050 for an individual account, and \$6,150 for a family. This limit includes the annual contribution made by Maricopa County. You may also make a catch-up contribution of up to \$1,000 by electing the Health Savings Catch-Up Account option if you are age 55 and older and are fully contributing to your HSA.

- 28. The HSA Bank application asks for my Social Security Number, but, I have elected to use an Alternate ID # for benefit purposes. Do I use my Alternate ID # on the Bank Application?**

In order to open an HSA, you must use your Social Security Number and be enrolled in a High Deductible Health Plan (HDHP). If you have previously requested the use of an Alternate ID # for benefit purposes, you will no longer be able to use an Alternate ID. In order for the bank to verify your enrollment in the HDHP you are required to use your Social Security Number instead of an Alternate ID #. Please contact Employee Benefits to request removal of your Alternate ID # from your record.

- 29. Other than electing the Choice Fund Medical Plan on the Benefit Enrollment System in the ADP portal, is there anything else I need to do to enroll?**

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Yes, you will need to complete a bank application online through www.mycignaplans.com. After logging on with the **User ID: maricopacounty2011** and the **password: cigna**, and accepting the Use Terms of the Web site, there is a link on the upper-right hand side of the page "Set up my Health Savings Account". Step-by-step instructions are included on the next page.

30. When does Maricopa County make its contribution to my Health Savings Account?

Maricopa County makes its contribution as soon as administratively possible following the beginning of the plan year. A series of events must occur before funding can be completed, especially if you are enrolling in the Choice Fund Medical Plan for the first time. These events are detailed below:

- You must complete the online bank application found on www.mycignaplans.com (User ID: maricopacounty2011, password: cigna).
- Upon receipt of the completed application, JP Morgan Chase is required to confirm the identity of the individual requesting the savings account. Therefore, requests for proof of identity may be made on occasion. Failure to respond to Chase regarding these requests will delay the opening of your account. Once validated, a Health Savings Account is opened and a letter and debit card are mailed to you. The Employee Benefits Division is notified by CIGNA once a Health Savings Account has been opened and will then begin the funding process by sending an employer contribution request to the Payroll Division.
- Payroll initiates an employer contribution to be deposited into your account on the next pay period.
- The funds appear in your Health Savings Account approximately five working days from the date of your pay check containing the employer contribution.

31. How much does Maricopa County contribute to an HSA?

Maricopa County contributes \$500 for individual coverage (employee only) or \$1,000 for family coverage (employee + dependent(s), if you are enrolled at the beginning of the plan year (coverage effective July 1). This occurs for enrollees during Open Enrollment for the new plan year or for newly eligible employees with a benefit effective date of July 1st.

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If you enrolled and coverage is effective after July 1, Maricopa County's contribution to your HSA will be pro-rated by the number of months remaining in the plan year.

If you have a qualified status change after July 1 where you added one or more dependents, which changed your coverage from individual to family, the difference between the \$500 individual contribution and the \$1,000 family contribution will be pro-rated based on the effective date of the change and by the number of months remaining in the plan year. Please note: When you add dependents to your individual coverage, the plan deductible changes from an individual deductible to a family deductible as of the effective date of the change and the deductible is not pro-rated.

If you initially enrolled in family coverage and later in the plan year had a qualified status change where you dropped all of your dependents so that your coverage changed from family to individual, funds previously contributed by Maricopa County will not be taken away. Please note: When you drop dependents from family coverage, the deductible changes from a family deductible to an individual deductible as of the effective date of the change and the deductible is not pro-rated.

32. If I choose to have payroll deductions taken from my paycheck and deposited into my HSA, will those deductions occur 24 pay periods a year (like most other benefits deductions) or 26 pay periods a year?

Employee contributions to your HSA are scheduled for 26 pay periods.

33. What happens if mid-year I decide that I can no longer afford to make contributions to my HSA?

You may make changes to or stop your HSA contributions at any time by logging into the ADP Portal. Located in the Benefit Enrollment System on the Main Menu page is the option "Health Savings Account Contribution Change". Select this option and enter the new annual amount that you would like to contribute for the remaining pay periods of the Plan Year (or zero to stop contributing). Please allow 1-2 pay periods for the changes to be reflected on your paycheck.

34. Is there a limit to the number of times I can change the amount I contribute to my HSA through payroll deductions?

No, you can make changes at anytime.

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35. What happens if by the end of the Plan Year I have not used all the money in my HSA?

The money in your account will roll over to the next year, and be available for your use when you need it to pay for qualified medical expenses.

36. Can I take my HSA with me when I leave or retire?

Yes. Your HSA is portable which means you can take it with you if you leave or retire from Maricopa County. You have the option of leaving the funds in your JPMorgan Chase account or withdrawing them and having a check issued to you. Any funds withdrawn and not re-deposited into another HSA may be subject to penalties and are considered taxable income. Consult your tax advisor for guidance.

37. How do I get access to the funds in my HSA to pay for medical expenses?

You have several methods for accessing your HSA, including an HSA Debit Card, HSA checks, or an Automatic Claims Forwarding option. These options are explained in more detail in the Enrollment Process.

38. How often will my HSA earn interest?

Interest is accrued daily and will be credited to your account once a month.

39. How can I keep track of my HSA balance?

The following options are available to help you track your HSA balance:

- Log on to myCIGNA.com to view your account balance
- Call JPMorgan Chase at (866) 524-2483
- Call a CIGNA representative at (800) 244-6224

40. If the bank is unable to open an account for me, can I change plans?

No, you still have health care coverage available through the Choice Fund Medical Plan, therefore, a change of plans is not allowed.

41. If the bank is unable to open an account for me, what happens to the Maricopa County contribution and the contributions that I make to the plan?

You will not be eligible for the contribution made by Maricopa County if there is not an account opened through the plan. You may stop the employee contributions and any monies deducted will be refunded to you as taxable income.

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42. I will be turning age 65 sometime in the 2011/2012 plan year and will be eligible for Medicare. What happens if I enroll in the Choice Fund Medical Plan with the Health Savings Account?

In general, a person turning age 65 is automatically enrolled in Medicare Part A which is hospital insurance. If you are enrolled in the Choice Fund Medical Plan, that coverage would be considered primary and Medicare Part A would be secondary. Also, in accordance with IRS regulations, you will no longer be eligible to contribute to your HSA because you cannot be enrolled in other health insurance coverage, other than a High Deductible Health Plan such as the Choice Fund Medical Plan, and contribute to an HSA. Other coverage includes Medicare Parts A, B and D. The funds you accumulate in your HSA up to the date you enroll in Medicare will still be available to pay for qualified medical expenses.

Becoming eligible for Medicare is considered a Status Change. As a result of this change, you can opt to enroll in Medicare Part B, which is medical insurance, and drop your Choice Fund medical coverage, however, you will not be allowed to change from the Choice Fund Medical Plan to another County Medical Plan. Or, you can enroll in Medicare Part B and continue enrollment in the Choice Fund Medical Plan with Medicare as secondary coverage.

43. I currently participate in the Health Care Flexible Spending Account (HCFSA), and plan to enroll in the Choice Fund Medical Plan with Health Savings Account. Can I roll over any funds left in my HCFSA into my new HSA?

Funds cannot be rolled over from an FSA to an HSA. Additionally, to be eligible to open an HSA, you cannot be enrolled in other health insurance coverage. Coverage in the Health Care Flexible Spending Account would be considered other health insurance coverage because it reimburses for qualified medical expenses. With a HCFSA, normally you would be allowed a 2 ½ month grace period (July 1, 2011-September 15, 2011) in which to incur claims for reimbursement. However, since the grace period for your HCFSA overlaps with the period in which you'll be opening your HSA, you will need to incur enough claims in your HCFSA so that you have a zero balance in that account at the end of the 2010/2011 fiscal year.

Disclaimer: These FAQs are intended to provide brief and general information about Maricopa County benefits. Specific eligibility and coverage requirements are not covered in these FAQs. For more in-depth information, please refer to the *What's New* or the Know Your Benefits booklets, or the Official Plan documents. If there is a discrepancy between the information provided in these FAQs and the Official Plan documents, the Official Plan documents govern.