



BAYLOR
UNIVERSITY

HUMAN RESOURCES

Health Insurance

NEWSLETTER

SPECIAL EDITION

FALL 2013

NEW HEALTH INSURANCE OPTION

Effective January 1, 2014, Baylor employees will have two choices through Blue Cross and Blue Shield for their health insurance. In addition to our current PPO Plan (BlueChoice®), Baylor will also offer a PPO + HSA Plan (BlueEdgeSM), which is a consumer driven health plan that is comprised of a High Deductible Health Plan (HDHP) and a Health Savings Account (HSA).

What is the PPO + HSA Plan (BlueEdgeSM)?

The PPO + HSA Plan (BlueEdgeSM) is a High Deductible Health Plan (HDHP) that offers individuals the opportunity to save money on monthly premiums in return for a higher deductible that must be satisfied before the insurance plan will begin providing coverage for non-preventative services. The savings on the monthly premium may be tax sheltered into a Health Savings Account (HSA) in order to pay for deductibles and other qualified out-of-pocket healthcare expenses. To be eligible to participate in a Health Savings Account (HSA) you must be enrolled in the PPO+HSA Plan (BlueEdgeSM).

What is a Health Savings Account (HSA)?

A Health Savings Account (HSA) is a special tax advantaged account into which Baylor will make pre-tax contributions on your behalf, allowing you to use the money to pay for qualified medical expenses that may include deductibles, prescriptions, dental care, vision care, and more. You may also voluntarily make additional pre-tax contributions into this account. All contributions will be subject to the annual IRS limits, and as long as these monies are spent on eligible healthcare expenses you will not incur any tax obligation. The assets within your HSA account are owned by you, even if you change employers or retire. Unused monies within this account may be invested. Furthermore, once you reach age 65, you will be able to use these for a broader range of retirement expenses. Click [here](#) for additional information.

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PPO + HSA Plan (BlueEdgeSM) vs. PPO Plan (BlueChoice[®])

To help you compare the new PPO + HSA Plan (BlueEdgeSM) to the current PPO Plan (BlueChoice[®]) you will need to collect the following information:

- Annual premium
- Annual co-insurance responsibility
- Annual deductible
- Out-of-pocket maximum
- Baylor funded HSA contribution

Once you have the above information for both the PPO + HSA Plan (BlueEdgeSM) and the PPO Plan (BlueChoice[®]), you may use the Benefit WalletTM [Plan Selector Tool](#) to determine which plan may be right for you and your family. You may also want to review the 2014 Benefit WalletTM [fee schedule](#). To better understand your healthcare expenses, you may find it helpful to review your Explanation of Benefits (EOB) statements from Blue Cross and Blue Shield.

PPO + HSA Plan (BlueEdgeSM)

Annual Premium:

Click [here](#) for the premium schedule.

Co-Insurance:

80% Medical

70% to 80% Prescriptions

Annual Deductible:

Individual Only: \$1,500

Family: \$3,000

If you have family coverage, you will be required to satisfy the Family Deductible before receiving coverage for any member of your family.

Annual Out-of-Pocket Maximum

Individual Only: \$5,000

Family: \$10,000

Annual Baylor funded HSA Contribution:

Individual Only: \$500

Family: \$1,000

Annual Voluntary HSA Contribution:

Individual Only: up to \$2,800

Family: up to \$5,550

(Age 55+ Catch-up Contribution = \$1,000)

PPO Plan (BlueChoice[®])

Annual Premium:

Click [here](#) for the premium schedule.

Co-Insurance:

80% Medical

Annual Deductible:

Individual Only: \$400

Family: \$1,200

If you have family coverage, you will not be required to satisfy the Family Deductible before receiving coverage for any individual family member.

Annual Out-of-Pocket Maximum

Individual Only: \$2,500

Family: \$5,000

Annual Voluntary FSA Deferral:

Individual Only: up to \$2,500

Family: up to \$2,500

UNDERSTANDING THE EXPLANATION OF BENEFITS (EOB)

Understanding your EOB better will help you evaluate the new PPO + HSA Plan (BlueEdgeSM). An [Explanation of Benefits \(EOB\)](#) Statement is a notification form provided to members when a health care benefits claim is processed by Blue Cross and Blue Shield of Texas (BCBSTX). The EOB displays the expenses submitted by the provider and shows how the claim was processed.

The EOB has four major sections:

- **Claim Information** includes the member and patient name, the member's group and identification numbers, and the claim number.
- **Summary** highlights the financial information – the amount billed, total benefits approved and the amount you may owe the provider.
- **Service Information** identifies the health care facility or physician, dates of service and charges.
- **Coverage Information** shows what was paid to whom, what discounts and deductions apply, and what part of the total expense was not covered.

The EOB may include additional information:

- **Information About Amounts Not Covered** will show what benefit limitations or exclusions apply.
- **Information About Out-Of-Pocket Expenses** will show an amount when a claim applies toward your deductible or counts toward your out-of-pocket expenses.
- **Information About Appeals** explains your rights regarding review of claim denials.
- **Fraud Hotline** is a toll-free number you can call if you think you are being charged for services you did not receive or if you suspect any fraudulent activity.

Your EOBs are Always Available Online!

Sign up for Blue Access[®] for Members (BAM) at www.bcbstx.com for quick, convenient and confidential access up to 18 months of your claims information and history. To support our commitment to eco-friendly business practices, you can choose to opt out of receiving EOBs by mail. This saves resources and offers you additional confidentiality. Just go to BAM, click *User Profile* at the top right side of the screen and change your *User Preferences*.

Is an HSA Plan the right choice for me?

1. Do you want to save money for current and future health expenses?

You can use the money in the HSA to pay for your current health expenses, but you also own the money in the account regardless of whether your health coverage changes or you change employers.

The HSA offers you an opportunity to build tax-advantaged savings for current and future health expenses.

2. Which type of health plan gives you a better financial value?

With our current PPO medical plan, you are paying a higher monthly premium than you would pay with the High Deductible Health Plan (HDHP). With the HDHP, you would save money on your monthly premium in exchange for paying some of the initial costs of your health care services out of your own pocket.

The money that you save on monthly premiums could be set aside into a tax-advantaged savings account and invested.

3. Have you considered all the relevant costs for each plan?

You should consider all of the costs associated with each plan. Depending on your insurance expenses, a higher deductible plan may be less costly than paying higher monthly premiums, copays and co-insurance.



Health Savings Account vs. Flexible Spending Account

Health Savings Accounts

- Available to individuals who are enrolled in the High Deductible Health Plan
- Contributions are not taxed
- Unused funds are not subject to forfeiture; funds can be carried over indefinitely
- Individual may not be covered by other non-High Deductible Health Plans or Medicare
- Individual cannot be claimed as a dependent on someone else's tax return

Flexible Spending Accounts

- Available through traditional health insurance plans, such as our current PPO Plan
- Contributions are not taxed
- Unused funds are subject to forfeiture; funds cannot be carried over to the following year
- A Health Care Flexible Spending Account and/or a spouse's Health Care Flexible Spending Account are not allowed if either one is enrolled in the High Deductible Health Plan

What are the benefits of having an HSA?

- You can claim a tax deduction for contributions you, or someone other than your employer, make to your HSA even if you do not itemize on your Form 1040.
- Contributions made to your HSA by your employer may be excluded from your gross income.
- The funds in your HSA stay in your account from year to year until you use them.
- Interest and other earnings on the funds in your HSA are tax free.
- Funds withdrawn are tax free when used for qualified medical expenses.
- An HSA is “portable” so it remains yours even if you change employers or leave the work force.
- The 20% penalty for using HSA funds for non-medical expenses does not apply after age 65. If HSA funds are used for non-medical expenses, only normal income tax would apply. HSA funds used after age 65 for qualified medical expenses stay tax free.
- After age 65 you can pay your Medicare premiums and other health care premiums out of your HSA (with the exception of Medicare supplemental policies such as Medigap).



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To learn more...

- **Browse** HSA [FAQs](#)
- **Browse** [Health Insurance Benefits at Baylor](#)
- **Attend** one of the training sessions being offered on our Waco or Dallas campus. See our website for dates and locations.

Register to attend a class today!

www.baylor.edu/td_reg