

Health Savings Account and High Deductible Health Plan

✠ **YOU pay your medical claims instead of Aetna Meritain.** For single coverage, you pay the first \$2,500 of medical and RX costs every calendar year. For all others, you and your family pay the first \$5,000. Exception: Preventive care, like well-child visits and annual OBGYN, is free. For all other services, once you reach the deductible, Aetna Meritain pays ALL costs for in-network services the rest of the year, including RX.

✠ **You make tax-free paycheck contributions to your Health Savings Account (HSA) and pay your medical claims from the HSA account.** You can contribute up to an IRS-set limit that is higher than the annual deductible amount: for 2020, the limit is \$3,550 for singles; \$7,100 for families; more if you are 55 or over.

✠ **Meritain oversees the PayFlex HSA as well as the Aetna insurance plan.** Using the Aetna Meritain and PayFlex websites, you can view and pay your claims, link your HSA to your medical claims and see your account balance.

Advantages:

👍 **The HSA is a powerful savings tool.** As with a flex account, you tax-shelter paycheck money and use it to pay medical costs. Unlike flex, you keep your unused HSA funds and you can change your contribution amount any time you wish. You can use the \$ any time tax-free for medical costs, even after retirement. You can even invest the \$ for long-term savings. Once you retire and are on Medicare, you can also use HSA \$ for any non-medical cost and pay taxes but no penalty, just as you would with your SRA.

👍 **Paycheck savings are likely, especially in coming years:** The High Deductible Health Plan (HDHP) costs far less per month than the other health plans. For singles, paycheck savings comes after a year (see below.) For others, it will cost less per month to save up for your deductible with the HSA than it would to pay for the EPO. Once you have “banked” enough in your HSA, you can lower your contribution and just pay the low HDHP premium.

👍 **HealthiestYou Telemedicine helps with other costs.** Use HealthiestYou for free phone consults with a doctor or clinician. Vassar’s HealthiestYou Telemedicine benefit now includes non-emergency basic care, prescription refills, expert second opinion on serious conditions, mental health counseling, back care and dermatology. Using the HealthiestYou app can keep hundreds of \$ in your HSA.

Disadvantages:

👎 **Until your HSA is funded up, you take a financial RISK.** If a large medical claim happens – say, a hospitalization in January – you must pay several thousand dollars of the claim. You **MUST** be able to pay those costs until you have stored enough up in your HSA.

👎 **If you have single coverage, you won’t see paycheck savings this year.** It will cost you a bit more from your paycheck to save up to your deductible than it would to pay for the EPO. Once your deductible is set, you can reduce your HSA contributions.

👎 **You have to keep track of claims.** Give providers your Aetna Meritain HDHP card, then watch claim information for when to send payment to your provider from your HSA. (With RX, you can swipe a debit card directly.)