What is a CDHP?

- A Consumer-Directed Health Plan (CDHP) is a high-deductible health plan paired with a spending account for out-of-pocket expenses, most commonly a Health Savings Account (HSA).
A Health Savings Account (HSA) is a savings account that lets you put aside money on a pre-tax basis to pay for qualified medical, dental or vision expenses (as defined by the IRS).

By using untaxed dollars in an HSA to pay for deductibles, copays, coinsurance and other qualified expenses, you can lower your overall health care cost.
HSA Eligibility

- Being eligible means that a person is able to make contributions into a health savings account.
To be eligible, the following requirements must be met:

1. Cannot be claimed as a dependent.
   - You cannot be claimed as a dependent on somebody else’s tax return.

2. Must be enrolled in an HSA-qualified health plan.
   - These plans are known as high-deductible health plans (HDHP).

3. Must not be enrolled in other coverage.
   - Includes Medicare or Medicaid.
   - Additional health coverage that is not an HSA-qualified deductible plan.
     - Including enrollment in a spouse’s non-HSA-qualified plan as secondary coverage.
   - Includes full-purpose Flexible Spending Accounts (FSA).
What is a high-deductible health plan?

A high-deductible health plan (HDHP) is a health plan that has a minimum deductible and a maximum out-of-pocket, as determined annually by the IRS.
HDHP 2019 IRS Plan Design Requirements

**Individual Coverage**
- A deductible greater than or equal to: $1,350
- A health plan design within this range is considered HSA-qualified
- A maximum out-of-pocket less than or equal to: $6,750

**Family Coverage**
- A deductible greater than or equal to: $2,700
- A health plan design within this range is considered HSA-qualified
- A maximum out-of-pocket less than or equal to: $13,500
A CDHP has Two Parts: High-Deductible Health Plan + Health Savings Account

- High-deductible health plan that is considered HSA-qualified through CSEBO:
  - Anthem PPO CDHP 90.
  - Kaiser HMO CDHP $1,500.

- Tax-free savings account for qualified medical, dental and vision expenses.
  - Works in conjunction with the HSA-powered plan.
Why choose a CDHP?

Save Now:

- CDHP premiums are typically lower than traditional health plans.
- HSA deposits are tax-free from the federal level.
  - You will pay state taxes in CA.
  - Contribution maximums set annually by the IRS.
- HSA withdrawals for qualified medical, dental or vision expenses are tax-free for the life of the account.

Save for the Future:

- HSA funds roll over year to year.
- You own the account and the money, even if you change jobs or insurance plans.
- Interest is earned tax-free, with diverse investment options.
- Once 65+, you can pay for Medicare Part B premiums tax-free.
  - Additionally, non-qualified disbursements are taxed as income, without an additional penalty.
### 2019 HSA Contribution Maximums

<table>
<thead>
<tr>
<th>Tier</th>
<th>Under Age 55</th>
<th>Over Age 55</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>$3,500</td>
<td>$4,500</td>
</tr>
<tr>
<td>Family</td>
<td>$7,000</td>
<td>$8,000</td>
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</tbody>
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Total maximum contribution allowed in a calendar year of employee & employer contributions, if applicable.
CDHP Plans

- Pay in full (less network discounts) for **all** services until plan deductible is met.
- Combined medical and Rx deductible & out-of-pocket maximum.
- Copays, deductibles and coinsurance can be paid pre-tax (even out-of-network providers).
- Retirement vehicle: accounts grow over time as pre-tax contributions and unused funds roll over from year to year, earning tax-free interest.

Traditional Plans

- Same network, doctors and prescription drug coverage (either HMO or PPO).
- Same pricing discounts for providers.
- Once deductible is met, coinsurance applies until out-of-pocket maximum met.
- Preventive care covered at 100% (when using in-network).

- Office visit and Rx copays apply before deductible is met; all other services, deductible applies.
- Separate medical and Rx out-of-pocket maximums.
- Copays, deductibles and coinsurance are paid after-tax.
Anthem Advanced Imaging Example: Before Plan Deductible Met

**PPO 80**
- Member self-refers to specialist office visit, total billed to plan: $155.
  - Member pays provider $30 specialist copay; plan pays rest.
- CT of lower limb with contrast, total billed to plan: $320.
  - Member pays provider $320.
- **Total Member Cost Share:** $350

**CDHP 90**
- Member self-refers to specialist office visit, total billed to plan: $155.
  - Member pays provider $155 with pre-tax dollars in HSA.
- CT of lower limb with contrast, total billed to plan: $320.
  - Member pays provider $320 with pre-tax dollars in HSA.
- **Total Member Cost Share:** $485
Anthem Advanced Imaging Example: After Plan Deductible Met

**PPO 80**
- Member self-refers to specialist office visit, total billed to plan: $155.
  - Member pays provider $30 specialist copay; plan pays rest.
- CT of lower limb with contrast, total billed to plan: $320.
  - Member pays provider 20% coinsurance for total billed: $64; plan pays rest.
- **Total Member Cost Share: $94**

**CDHP 90**
- Member self-refers to specialist office visit, total billed to plan: $155.
  - Member pays provider 10% coinsurance for total billed: $15.50 with pre-tax dollars in HSA; plan pays rest.
- CT of lower limb with contrast, total billed to plan: $320.
  - Member pays provider 10% coinsurance for total billed: $32 with pre-tax dollars in HSA; plan pays rest.
- **Total Member Cost Share: $47.50**
Transitioning to a CDHP
Deductibles & out-of-pocket maximums

- Deductibles and out-of-pocket maximums (OOPM) run on a calendar year.
  - January 1 – December 31st each year.

- Existing deductibles and accumulation to OOPM will transfer to CDHP’s from other CSEBO PPO/CDHP plans.
Resources

- IRS Publication 969: HSA and Other Tax-Favored Health Plans

- IRS Publication 502: Medical and Dental Expenses

- HealthEquity
  [https://www.healthequity.com/](https://www.healthequity.com/)

- Kaiser Permanente HSA
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