

The logo for Carnegie Mellon University, featuring the name in a white, serif font on a dark blue background with a colorful grid pattern of red, green, and yellow lines.

**Carnegie
Mellon
University**

Health Savings Account (HSA) Overview

2024 Open Enrollment

October 2023

Agenda

1. Review of Medical Plans
2. Advantages of an HSA
3. Setting Up and Using Your HSA
4. Considerations
5. Key Dates and Resources



Review of Medical Plans



Key Terms - Medical Plans

Health Maintenance Organization (HMO) / Exclusive Provider Organization (EPO)

Lower out-of-pocket costs at the point of care but do not provide benefits for out-of-network providers, except in the case of an emergency.

Preferred Provider Organization (PPO)

Allows you to use in- or out-of-network providers, although you receive a higher level of benefits when you stay in network for services.

High-Deductible Health Plan (HDHP)

Lower monthly payroll contributions and a higher annual deductible than a traditional health plan. You pay all costs out of pocket or with an HSA until the annual deductible is met.



Key Terms – Health Accounts

Health Savings Account (HSA)

Similar to HRAs but have several tax advantages. Unlike an HRA, you own this account and can take the account dollars with you if you leave the university. In addition, you can contribute to an HSA with tax-free dollars.

Health Care Flexible Spending Account (HCFSA)

Accompanies non-HSA PPO or HMO/EPO health plans and allow you to use pretax dollars for qualifying medical, dental and/or vision expenses incurred within the plan year for you and your federal tax dependents. If you or your spouse are enrolled in a HCFSA, you can't enroll in an HSA.

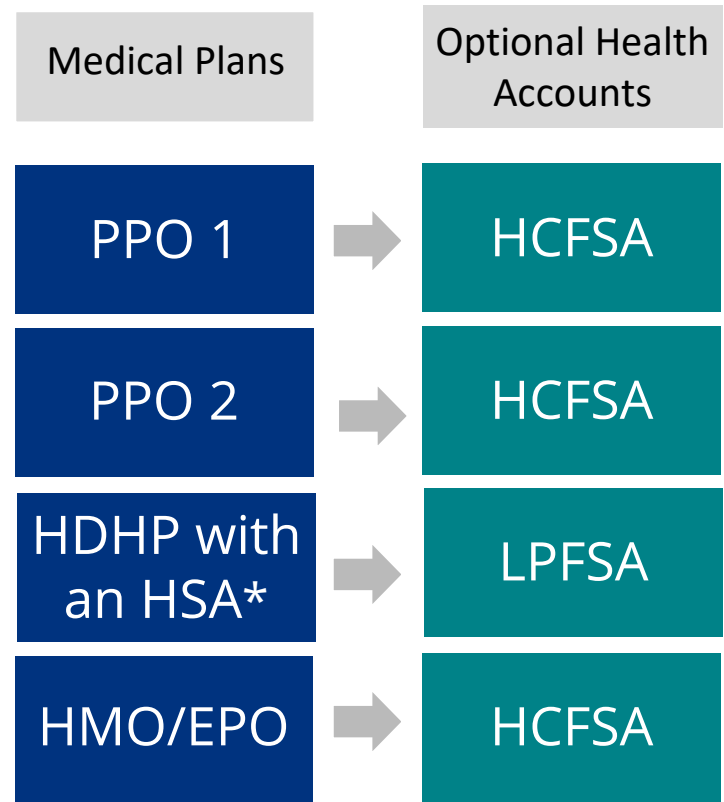
Limited Purpose Flexible Spending Accounts (LPFSA)

A special type of FSA that can be used with an HSA and lets you use pretax dollars to pay for qualified dental and vision expenses. Using funds from your LPFSA instead of your HSA to pay for eligible expenses allows your HSA to continue to grow tax-free into retirement.

Options Designed for You

Our comprehensive array of medical plans is designed to meet the needs of you and your family throughout all stages of life, no matter the circumstance.

We want you to feel empowered to choose the plan that works best for you depending on your needs.



*Set up automatically



Advantages of an HSA

What is an HSA?

You can invest money in an HSA account to pay for the following types of eligible expenses:

- Medical
- Prescription
- Dental
- Vision

Which includes:

- Deductibles
- Copays
- Coinsurance

You can use your HSA regardless of how you seek care (e.g., in-person, telemedicine, urgent care, PCP video visit).



Understanding the difference: HSA vs LPFSA vs HCFSA

When you enroll in the HD PPO with HSA, you will have the option to contribute to a Limited Purpose FSA in addition to the HSA. However, if you enroll in an HSA, you cannot use a Health Care FSA.

	HSA	LPFSA	HCFSA
Set Up	Automatic	Election	Election
Eligible Expenses	Medical, dental, vision	Dental, vision	Medical, dental, vision
Tax Implications	Federal tax-free	Federal tax-free	Federal tax-free
Deadline to Use Funds	None	March 15; Grace Period	March 15; Grace Period
Receipts	May be required	May be required	May be required
Payment Card	Debit card	Debit card	Debit card
Unique Advantages	Accompanies an HD PPO plan and bridges the cost of care. Funds grow tax-free and are yours even if you leave CMU or retire.	Pairs with an HSA and can be used to pay for qualified dental and vision expenses. You can use rather than dipping into your HSA.	Can be used to pay for qualified medical, dental and vision expenses. However, if you enroll in an HSA, you cannot use a HCFSA.

Features of an HSA:

Triple tax savings and growth opportunity



You pay no taxes on the:

1. Money that is put into your account (regardless of who contributes);
2. Money that you take out to pay for eligible expenses;
3. Interest your account earns —once your HSA balance reaches a designated threshold, you can invest your balance to earn even more.

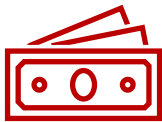
* HSA contributions and earnings are not subject to federal taxes or most state taxes. (Note: California and New Jersey tax HSA contributions, and New Hampshire and Tennessee tax any earnings on your HSA.)

Features of an HSA: Flexibility



Portability

The account and its funds belong to you, and you retain ownership even if you change health insurance plans, change jobs, leave CMU or retire.



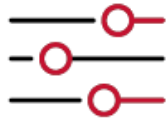
Contributions

You decide how much to put in your account (based on IRS limits set each year) and you can change that amount at any time, based on your financial situation. Additionally:

- Both you and CMU can contribute to your HSA, as long the contributions do not exceed the IRS limits* (In 2024: \$4,150 for individuals; \$8,300 for families).
- If you are age 55 years or older, you can make “catchup” contributions above the IRS limits* (up to \$1,000).

*IRS limits typically change each year.

Features of an HSA: Control



- You decide **when to spend** your money: You can spend it as you incur expenses and/or save it while it earns interest for future health expenses, including those you incur in retirement.



- Your balance **rolls over** each year and remains in your account, meaning there is no “use it or lose it” rule.



Setting Up and Using Your HSA

Setting up your HSA: Timeline





Setting up your HSA:

USA PATRIOT Act – Identity Verification

In accordance with the USA PATRIOT Act, WEX must verify the identity of each new accountholder.

WEX is usually able to complete the process without any action required from you. Rarely, WEX requires your participation in the process as follows:

- **Notification:** WEX will send a notification if you need to provide documentation to verify certain aspects of your identity including:
 - Name
 - Address
 - Date of Birth
 - Social Security Number
- **Submit Form and Documents:** Complete the form sent to you and submit the form and documents needed to verify the item(s) indicated by WEX.

Managing Your HSA



On the WEX website, you can ...

- View your HSA balance
- Manage your spending accounts
- Invest your HSA dollars
- View your claims
- See card transactions
- Pay a provider



Paying for Care with Your HSA

When it is time to pay a medical, prescription, dental or vision expense, it is your decision if you want to pay:

Option 1

From your HSA
using your debit
card

Option 2

Out of pocket and
save your HSA
funds for future
use

Option 3

Out of pocket and
then reimburse
yourself from your
HSA

Remember:

- Use WEX's website to check your HSA balance, file claims and/or reimbursements, and invest your HSA dollars.
- Save your itemized receipts and any paperwork to verify that you spent HSA funds on eligible expenses.



Considerations



Is the HD PPO with an HSA right for you?

Pros

- Lower monthly payroll contributions
- Benefits of an HSA
- For 2024, CMU is seeding your HSA

Cons

- For all medical and prescription expenses except preventive care, you have to meet the higher deductible before the plan starts to pay
- The IRS prohibits Medicare enrollees to contribute to or receive funds in an HSA.



Is the HD PPO with an HSA right for you?

Food for thought:

- Would you prefer to pay more in monthly contributions or at the time of care?
- How often do you anticipate seeking medical care or taking prescription medications? Do you have a chronic condition that would require regular doctor visits?
- Are you expecting a major life event in the next 12 months, such as welcoming a child or having surgery?
- If disaster strikes, would you be able to pay your deductible (with or without the help of your HSA)?



High Deductible Health Plan Details

The High Deductible Health Plan (HDHP) operates differently than the other medical and prescription plan combinations. Here are some key details to understand when making a choice:

- **Integrated medical and prescription deductible and out of pocket maximum (OOP Max):** The deductible and OOP Max are shared between the medical and prescription plans in the HDHP. Your out of pocket expenses in either plan go into these shared buckets.
- **Deductible applies to all services prior to plan cost sharing:** There are two exceptions to this rule. The deductible doesn't need to be met in the following cases:
 - Preventive medical and generic preventive medication costs are covered with no cost share.
 - Diabetic members in the Living My Life program through CVS Caremark access their diabetic medications and testing supplies with no cost share.



High Deductible Health Plan Details cont'd

- **Non-embedded deductible** (Not applicable for Single level coverage): In the HDHP, the **full Family deductible** must be met before any family member has costs shared by the medical or prescription plans.
 - *The other medical plans have an “embedded” deductible. When any individual meets the individual level deductible, the plan starts sharing costs for that individual. This can occur prior to the Family level deductible being met.*
- **Prudent Rx specialty drug copay discounts:** This program is attached to the prescription drug plan through CVS Caremark. Eligible specialty medications have their copays reduced from \$100 to \$0.
 - ***For those enrolled in the HDHP, this program applies AFTER the deductible is met annually.*** Otherwise, it operates the same as for other plan design enrollees. For more information, please visit the [PrudentRx Copay Program](#) page on the CMU benefits site.



Key Dates and Resources

Preparing for the HSA: Spend down your Health Care FSA

Currently enrolled in a Health Care FSA but planning to elect the HSA for 2024?

You will need to use all of your Health Care FSA funds by **December 31, 2023**, before enrolling in the HSA on January 1, 2024. *Per IRS guidelines, the balance must be \$0.00.*

If you don't spend down your HCFSAs by that date, your HSA account will not be opened until **April 1, 2024**.

You will also need to wait until the **first April 2024 pay dates** to make payroll contributions and to receive CMU's contributions to your HSA.



Key Dates

October 2, 5 and 12:

Virtual benefits information sessions

Week of October 16:

Your 2024 Benefits Guide and other enrollment materials available

October 23 – November 13:

- Open Enrollment is live in Workday
- Virtual drop-in information sessions

October 23:

Virtual Benefits & Fitness Fair goes live

November 1:

In-person Benefits & Fitness Fair





Resources

If you need help with:

- Understanding your medical plan options
- Navigating CMU's benefit-related resources

Visit CMU Benefits Site:

[Benefits Page](#)

[Spending Accounts Page](#)

Contact HR Services:

Monday – Friday

8:30 a.m. – 5 p.m. ET

412-268-4600 or 844-625-4600

cmu.edu/hr/service-center/help

Contact WEX:

Phone: 866-451-3399

[WEX Benefits Site](#)

Email:

customerservice@wexhealth.com



Questions?