As we continue our multi-year process to optimize our benefit offerings, align our benefits to the market, and manage costs, Carnegie Mellon University is excited to announce a new High Deductible PPO with HSA plan that will replace the current High Deductible PPO with Health Reimbursement Account (HRA) plan in 2023. Note: As outlined on page 2, the current PPO and HMO/EPO medical plan options enjoyed by much of the CMU community will remain available in the CMU health plan.

To ensure you feel confident when you make your 2023 Open Enrollment benefit decisions, we will be providing information about the HSA on an ongoing basis. That way, you will have ample time to learn about the option and decide whether it will be a good fit for your needs next year. This first foundational piece provides background on why an HSA makes sense for CMU now and describes features of HSAs and, generally, how they work.

**Important**

**Are you currently enrolled in the High Deductible PPO with HRA?**

If you are, you will need to spend down your account balance by December 31, 2022. Any remaining dollars will be forfeited.

**NOTE:**

HRA dollars are automatically applied to eligible expenses before you receive an invoice. To check your HRA balance, contact your medical carrier:

- Highmark at 800-472-1506 (in Western PA) or 800-810-2583 (outside Western PA)
- UPMC at 855-497-8762

**Do you have a Health Care Flexible Spending Account (HCFSA)?**

If you are considering enrolling in the HSA for 2023, you will need to use your HCFSA funds by December 31, 2022, before enrolling in the HSA on January 1, 2023. IRS regulations forbid using FSA funds while participating in an HSA plan.

Additional information will be provided during the HSA and Open Enrollment educational sessions later this year.
# Medical Benefit Options

During Open Enrollment, you will have the opportunity to choose one of the following options through either Highmark or UPMC.

<table>
<thead>
<tr>
<th>PLAN TYPE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferred Provider Organization (PPO)</td>
<td>PPO plans give you the flexibility to use in- or out-of-network providers without referrals. A higher level of benefits is provided when in-network providers are used, resulting in lower out-of-pocket costs for you.</td>
</tr>
</tbody>
</table>
| Health Maintenance Organization (HMO) / Exclusive Provider Organization (EPO) | HMO/EPO plans generally have lower out-of-pocket expenses but do not provide benefits if you use out-of-network providers (except in the case of an emergency). Referrals to specialist care and related services are not required in most circumstances.  
  - The UPMC HMO is available to faculty and staff in Western Pennsylvania only.  
  - The Highmark EPO is available to faculty and staff at all domestic locations. |
| New | High Deductible PPO with HSA | High Deductible PPO plans have a higher deductible and a lower monthly premium. You can use your HSA to help pay for eligible deductible expenses. |

Future communication will include details about the High Deductible PPO with HSA plan, including how it works, its rates, how it compares with other CMU medical plan options, and the year-round resources and tools available to help you get the most out of your benefits coverage.
Why an HSA

Our goal is to make sure we are investing our dollars wisely to offer you a comprehensive and progressive benefits package. Based on what we heard from you in the CMU benefits survey, as well as what we learned from our peer group and market review and associated assessments, it’s clear that offering an HSA as an option would better serve you and your family, while ensuring we remain competitive as we seek to attract and retain faculty and staff.

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**Here is a snapshot of our findings:**

<table>
<thead>
<tr>
<th>What we learned</th>
<th>How the HSA helps</th>
</tr>
</thead>
<tbody>
<tr>
<td>A very high percentage (87%) of CMU’s peers and employers in the Pittsburgh market offer their employees an HSA plan design.</td>
<td>An HSA is a more modern and progressive option, and ensures we remain competitive by helping us to retain and attract faculty and staff who enjoy the benefits of an HSA.</td>
</tr>
</tbody>
</table>

Only a small percentage of our faculty and staff is enrolled in the High Deductible PPO with HRA.

An HSA provides greater flexibility and may be a more attractive option.

Faculty and staff identified savings for retiree medical costs as a priority area.

An HSA can be used to pay for eligible medical expenses now and into the future, including in retirement.
At a Glance

**Health Savings Account (HSA)**

Is a federally tax-deferred, private savings account designed to give you a way to pay for eligible medical, dental, and vision expenses with tax-free dollars.

Allows you to use your account whenever makes sense for you — now or in the future.

Is yours to take with you when you leave an employer.

**Health Reimbursement Account (HRA)**

Is an employer-funded account that accompanies High Deductible Health Plans and reimburses you for qualified medical, prescription, dental and vision expenses.

Is owned by the employer, which means that if you leave, the account dollars stay with your employer.
Advantages of an HSA

An HSA is an account used to pay for eligible medical, prescription, dental and vision expenses, such as deductibles, copays and coinsurance, regardless of how you seek care (e.g., in-person, telemedicine, urgent care, PCP video visit).

HSAs have many advantages over HRAs, such as offering you:

**Increased 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:

- Anyone can contribute to your HSA — CMU, you, friends and family members — as long as contributions do not exceed the IRS limits.
- If you are age 55 years or older, you can make “catchup” contributions above the IRS limits.

**More 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.

**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; or
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 state taxes. (Note: California and New Jersey tax HSA contributions, and New Hampshire and Tennessee tax any earnings on your HSA.)

For more information

We will provide additional details and information about the HSA and your 2023 benefit options this fall ahead of Open Enrollment. In the meantime, visit the Human Resources website for questions regarding your current benefits.