

Open Enrollment Opportunity for Aetna High Deductible PPO / Health Savings Account

Beginning January 1, you have an opportunity to enroll in the Aetna High Deductible PPO Health Plan and establish a Health Savings Account (HSA) with Sterling HSA. Unlike a Health Care Flexible Spending Account, once you set-up an HSA account you can start, stop or change your contribution amounts at any time and your account balance will rollover from year to year with no "use it or lose it" penalty. In addition, the County will contribute \$900 over the calendar year (\$34.62 biweekly) to your account. This account is yours to keep after you retire or separate employment. The information below is a short summary of the information you'll need to make a decision about enrolling in an HSA. You can find more information about the Aetna High Deductible Health Plan and Health Savings Accounts on the HR Benefits website www.sbcountyhr.org/benefits/healthbenefits. You should also plan on attending an Open Enrollment and Health Savings Account meeting to hear more about these plans.

Who is Eligible to Enroll in an HSA?

In order to be eligible to establish and contribute to an HSA you must meet three conditions:

- You must enroll in an HSA compatible high deductible health plan. The County's Aetna High Deductible PPO Health Plan meets this requirement.
- If over 65, you must waive enrollment in Medicare A, B & D
- You cannot be claimed as a dependant on another person's tax return (does not apply to joint filing of taxes)
- **If you are currently enrolled in a Health Care Flexible Spending Account (FSA) and had an FSA in September 2006, you may be eligible to enroll in a Health Savings Account (HSA) with your 2008 year end FSA balance.**

What is a Health Savings Account?

An HSA allows individuals to pay for qualified health expenses and save for future medical and retiree health expenses on a tax-free basis. An HSA is similar to an Individual Retirement Account (IRA), often referred to as a medical IRA. Like an IRA, an HSA is for the benefit of the individual employee, is owned by you and is "portable," so if you leave County employment, your HSA stays with you. Sterling HSA is the HSA administrator that the County works with to administer your account under your direction. Your funds are deposited in an FDIC insured money market account.



Why Do I Need to Enroll in a High Deductible Health Plan?

The IRS requires that anyone who establishes an HSA to be covered by an HSA compatible, high deductible health plan that meets IRS requirements. The County offers the Aetna High Deductible PPO Health Plan plan which satisfies the IRS rules. The main features of this plan are:

- A deductible of \$1,500 per individual or \$3,000 per family
- Physician & Hospital copays of 20% in-network & 40% out-of-network*
- In-network Rx copay of 20% for retail and mail order
- Annual in-network physical exam at a \$20 copay
- An out-of-pocket maximum copay of \$4,500 per individual or \$9,000 per family.

* plus amounts over reasonable & customary

For a more complete description of the Aetna HDHP PPO plan:

- See the plan summary posted on the HR website www.sbcountyhr.org/benefits/healthbenefits
- Come to an Open Enrollment meeting
- Call HR-Employee Benefits at **568-2814** or **2818** and request a copy of the plan summary
- Call Aetna at **800-326-2010** or CareCounsel at **888-227-3334** to speak with someone about the plan details.

Who Can Contribute to Your HSA?

The County of Santa Barbara will contribute \$900 per calendar year (\$34.62 bi-weekly) to your HSA while you are enrolled in the High Deductible PPO Health Plan. (The County will also pay the monthly account fees for the Value Plan—you can choose a plan with a higher account fee and lower transaction fees though you must pay the difference in cost). In addition to the County HSA contribution you can also make contributions to your HSA through payroll deductions, though not required, which will then be paid to Sterling HSA, and deposited in your account. Your payroll contributions will be made on a pre-tax basis.

How Much Can I Contribute to my HSA?

The maximum amount that can be contributed between both the County and you is set by the IRS. For 2009 the contribution limits are \$3,000 for a single coverage and \$5,950 for family coverage. If you are over age 55 you are eligible to make a "catch up contribution" of \$1000 for 2009 and you can double that if your spouse is over age 55 and covered by your health plan.

How Do I Access the Funds in my HSA?

Similar to the Health Care FSA, you can send bills to Sterling HSA for qualified medical, dental or vision expenses that are not paid by your insurance and they will be paid on your behalf. You can also transfer funds from your HSA to your personal bank account by utilizing their e-checking on-line banking service to reimburse yourself for qualified expenses. In addition, when you establish an HSA account, you can also request a debit card that you can use for health care purchases at the point of sale.

- For a more detailed list of qualified healthcare expenses, see IRS Publications 502 and 969 or check the links on the HR Benefits website under Health Benefits.
- You can even access your HSA account to pay for Cobra premiums.

For more HSA information...

- Please come to one of the Flexible Benefits Plan enrollment meetings at locations and times listed on page 2 of this brochure.
- You can also call Sterling HSA at **800-617-4729**.

