



Know Your Benefits

Presented by Bullock & Associates, Inc

Benefits 101: Health Plans



What Is a Health Plan?

- A health plan is an insurance policy that provides, offers or arranges for coverage of designated health services for a fixed, prepaid premium.
- Different types of plans have different rules.
- Each individual has unique requirements regarding the types and amount of health care he or she needs in a given year. There is no single health plan that is best for everyone.



Fee-for-Service Plans

- Straightforward type of coverage in which insurers pay for health care services provided to plan participants
 - Choose any doctor you wish
 - Change doctors any time
 - Pay the same rate to use any hospital or clinic in the country
 - Pay a higher monthly cost for your medical care than you would as part of a managed care plan



Health Maintenance Organizations (HMO)

- A type of health insurance plan that usually limits coverage to care from doctors who work for or contract with the plan
 - Small copayment due for office visits and hospital stays
 - Generally will not cover out-of-network care except for emergencies
 - May require you to live and work within the service area
 - Requires you to select a primary care physician who will provide all your basic health service and give you a referral if you need to see a specialist.



Preferred Provider Organization (PPO)

- A type of health plan that contracts with medical providers, such as hospitals and doctors, to create a network of participating providers
 - You pay less if you use providers that belong to the plan's network
 - You can use doctors, hospitals and providers outside of the network for an additional cost
 - You do not have to choose a primary care physician



Point-of-Service Plan (POS)

- POS plans combine elements of both HMO and PPO plans
 - You may be required to designate a primary care physician to make specialist referrals
 - Services rendered by your primary care physician are typically not subject to a deductible
 - You may receive care from non-network providers but with greater out-of-pocket costs



High Deductible Health Plan (HDHP)

- State-based program that provides medical treatment, wage loss reimbursement, rehabilitation services, and death and burial benefits to injured employees or surviving dependents
- Applies to injuries and illnesses incurred while on the job
- Employers are sole contributors to this insurance (in most states)



Cafeteria Plans

- Benefit programs that allow employees to choose various benefits, such as life insurance, disability benefits, medical expenses and child care
 - Employers select the benefits that will be offered (only certain benefits can be provided).
 - Employees use pre-tax dollars to buy the benefits they want.
 - Employers can also make contributions to subsidize benefits.
- Also known as flexible benefit plans, or IRS Section 125 Plans



Medical Savings Accounts

- Accounts that help individuals pay for qualified medical expenses
- Often paired with high deductible coverage
- There are specific rules for each type of account, such as:
 - How much can be contributed
 - What the account's funds can be used for



Health Savings Account (HSA)

- Employee-owned savings accounts available to people enrolled in an HSA-compliant HDHP
 - Money may be contributed by both the employer and employee
 - Contributions are not taxed
 - Funds must be used for IRS-defined qualified medical expenses to avoid taxes and penalties
 - Funds used for non-qualified medical expenses are subject to income tax and a 20% tax penalty
 - Funds roll over at the end of the year
 - Yearly limits on how much can be placed in an HSA
 - In 2021, \$3,600 for individuals and \$7,200 for families
 - In 2022, \$3,650 for individuals and \$7,300 for families
 - No limit on how much the account can hold



Health Flexible Spending Account (FSA)

- Arrangements that allow employees to pay for many out-of-pocket qualified medical expenses with tax-free dollars
 - Employer-owned
 - You do not have to be enrolled in an HDHP to be eligible for a health FSA
 - You decide how much of your pre-tax wages you want taken out of your paycheck
 - Up to \$2,750 per year or your employer's established limit
 - Your employer can establish the types of expenses the health FSA's funds can be used for
 - Use-it-or-lose-it rules mean unused funds may be forfeited by year's end
 - Employers may allow employees to roll over \$550 of unused funds
 - Employers may allow a grace period of up to 2.5 months to use last year's funds



Health Reimbursement Arrangement (HRA)

- Employer-funded group health plans from which employees are reimbursed tax-free for qualified medical expenses
 - Employer-owned
 - Employer determines the amount of money available in the account, the coverage period and the types of expenses the funds can be used for
 - Unused amounts may be rolled over to the next year, if employer permits year-to-year rollovers
 - You do not have to be enrolled in an HDHP to be eligible



Questions?

- Thank you for viewing this presentation.