

Your Health. Your Money. Your Choices

High Deductible Health Plan,
HSA and VEBA

An hybrid approach to fit your
lifestyle and healthcare needs.



HSA Overview

What is a Health Savings Account (HSA)?

- Combined with a High Deductible Health Plan
- Contributions to the account are for current or future medical expenses
- No "use it or lose it"
- Investment opportunities
- Portable
- Beneficiary can be named to account
- Post age 65 non-medical distributions without penalty



HSA Employee Advantages

- Control over the account
- Ability to contribute tax free dollars to HSA (2017 limits: \$3,400 single, \$6,750 family)
- Rollover provides opportunity to save for future health expenses
- Tax-exempt withdrawals for qualified medical expenses not covered by the health plan
- Interest and earnings grow tax free with investment opportunities
- Portability
- Post 65 non-medical withdrawals



HSA Employee Advantages

This is the employee's account and the entire balance belongs to the employee, regardless of your present or future employment and/or who deposited the funds.



VEBA Overview

What is a VEBA Account?

Financial account that is held in the employee's name.

- Contributions to the account are to pay for current and future medical expenses
- No "use it or lose it" – unused funds rollover
- Can be spent post employment
- Interest is earned tax free
- Investment Opportunities
- Beneficiary on death of account holder (unique to MHC)
- **Employer only contributions**
- Eligibility follows medical plan (single health plan = single VEBA)



VEBA Overview

Who is eligible to enroll and contribution to a VEBA?

Enrollment:

Any individual employee that:

- Enrolls in the VEBA option medical plan
- No conflict being covered by another health plan or FSA – VEBA accounts coordinate with other benefits

Contributions:

Employer Only – No Employee Contributions



- Control over your account for qualified distributions
- Rollover provides opportunity to save for future health care expenses
- Tax-exempt withdrawals for qualified medical expenses not covered by the health plan
- Interest and earnings grow tax free with investment opportunities
- Spend down – post employment
- **VEBA dollars can be used to pay medical premiums (post employment)**



- One compliant High Deductible Health Plan
- Employer offers both an HSA or VEBA
- Employee can have the employer contributions one of three ways
 - 100% to the VEBA
 - 100% to the HSA
 - 50% VEBA, 50% HSA
- Employee must limit VEBA with HSA contributions
- Employee can fund up to the IRS max into HSA through payroll deduction (or separately)
- VEBA – in a limited status waiting to pay insurance premiums post employment
- Win – Win – can change contribution from VEBA to HSA annually



HSA VS VEBA

[illegible]

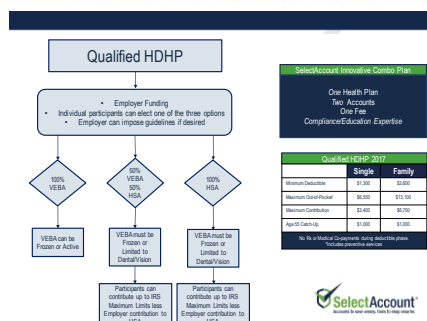
What happens to my VEBA account if I move to the HSA plan?

- Active VEBA accounts make employees not eligible to contribute to the HSA account
- VEBA account will be limited to Dental and Vision only claims if you choose the HSA option
- Dental and Vision claims are also eligible from the HSA
- VEBA accounts can be completely frozen at the individual employee's request, thus making the VEBA not eligible to pay dental and vision (complete VEBA stop form)
- Once you are not longer eligible to contribute to the HSA, the VEBA can be opened to all IRS 213 D expenses, giving you the option of which account pays eligible expenses.



Account Funding Strategy

- Use the preventive care portion of your plan (paid at 100%, with no deductible)
- Retail clinics or telemedicine
- Use 911 if necessary - if not a life or death situation, evaluate emergency room need
- Use generic drugs
- Inform your provider that you are on a HDHP
- Shop for medical care – compare charges and outcomes



*kolliver@math.ubc.ca, renkuv@math.ubc.ca, blwp@math.ubc.ca, blwp@math.ubc.ca

^a All the blue dots indicate missing data for the independent variables that are not used for the period.

OPENING BALANCE			
Employee Contributions	\$10,000	Contributions	\$10,000
Employer Contributions	\$10,000	Employer Contributions	\$10,000
Contributions	\$10,000	Contributions	\$10,000
TOTAL BALANCE	\$30,000	TOTAL BALANCE	\$30,000

FUNDING BALANCE			
Annual Budget	\$10,000	Annual Budget	\$10,000
Estimated Revenue	\$10,000	Estimated Revenue	\$10,000
Funding	\$10,000	Funding	\$10,000

MEDICAL BENEFIT FUNDING			
Group	\$1,000	Group	\$1,000
Individual	\$1,000	Individual	\$1,000
Life	\$1,000	Life	\$1,000
Medical	\$1,000	Medical	\$1,000
Total	\$4,000	Total	\$4,000

GENERAL FUNDING			
Group	\$1,000	Group	\$1,000
Individual	\$1,000	Individual	\$1,000
Life	\$1,000	Life	\$1,000
Total	\$3,000	Total	\$3,000

TOTAL FUNDING			
Medical Benefit	\$4,000	Medical Benefit	\$4,000
General	\$3,000	General	\$3,000
Total	\$7,000	Total	\$7,000

*All funding is based on the assumption that the funding is based on the current year's revenue.



Questions?

Thank you for your attention. Your presenters:

Bill Colopoulos, Southeast Service Cooperative

bcopolopoulos@ssc.coop

Marlo Peterson, SelectAccount

Marlo.Peterson@selectaccount.com

Dan Weir, Resource Training & Solutions

Danjw@ebisinc.net

