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
VEBA Employee Advantages

- 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)

You Decide

- 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
  - 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

VEBA/HSA Product Review
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 no 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
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<td>Total Premium</td>
<td>$200</td>
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**1st Month Premiums**
- Medical: $200
- Employer: $0
- Total: $200

**Total Contributions**
- Medical: $200
- Employer: $100
- Total: $300

**Summary**
- Medical Premium: $200
- Employer Premium: $100
- Total Premium: $300

*Note: These contribution amounts are for health savings accounts (HSAs) only.*
Questions?

Thank you for your attention. Your presenters:

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