

Waters Medical Plans & Pretax Accounts

HRA vs. HSA

2015

- Still the two Consumer Driven Health Plan medical options through Cigna
 - HRA Plan w HRA Acct, & HSA Plan w HSA Account
- Can cover your spouse/partner and children younger than age 26 even if you do not claim them as tax dependents
 - Can't use HSA Account money on non-IRS Tax Dependents out of pocket expenses
- If you do nothing, you will stay in the same plan for 2015
- You can also choose "No Coverage" if you have medical coverage elsewhere.

Consumer Driven Health Plans (CDHPs) Themes

Waters
THE SCIENCE OF WHAT'S POSSIBLE.®

"Don't pay for more than you need"

And

"Save pretax for a rainy day"

With the savings in lower pay check deductions....
Save this money into one of the pretax accounts, for future health
care needs

Consumer Driven Health Plans

- Consumer Driven Health Plans – encourage more awareness of the health care system and the actual costs of services.
- Results in better health care shoppers who better manage their care and take accountability for their overall health and health care dollars.
- Patients are now:
 - discussing their treatment plans in more depth with their physicians,
 - asking questions about medical services
 - requesting specific facilities and physicians that are in network and charging more appropriate fees.
- Steers patients toward appropriate care, at better priced doctors and facilities
- Results in better claims experience and lower cost increases for all of us year upon year.
- Your premium increase was low or even a decrease last year, and this year's 4.5% increase is lower than what they would have been if we were still on the old plans, thanks to these new plan designs, and also thanks to your good consumer behaviors!

Which plan is right for you?

- Which plan will cost you less, in total, for the entire year?
 - Consider both pay check deduction and out of pocket costs as you use the plan throughout the year
- What are you more comfortable with?
 - Paying more out of your pay check regardless of your expected health care service needs, all for a potentially lower worst case scenario financial risk during the year, *or*
 - Paying less out of your pay check and saving pretax dollars into the HSA Account that you never lose and can be used to help pay for future expenses, *AND* you are okay with the worst case scenario financial risks if you haven't yet saved that much in your pretax account
- Use the tools/resources explained later in this presentation

Which plan is right for you?

Testimonials



- 1. Employees/families who don't have a lot of health care expenses** - *"I'm paying a much lower premium (the per pay check deduction cost) in the HSA Plan and I still don't have a lot of health care expenses so I'm saving the difference."*
- 2. Employees/families who have moderate health care expenses** - *"I enrolled in the HSA Medical Plan and early this year I thought I was paying more now than ever before because now I have to pay all medical and prescription expenses out of pocket until I reach my deductible, and then a 10% coinsurance. Turns out the HSA is best for me."*
- 3. Employees/families that have high health care expenses** – *"My family and I expect to hit the out of pocket maximum this year, and most years, so we are in the HRA Plan because the maximum is less."*

Payroll deduction cost

HRA and HSA Medical Plans

Be sure to review the cost (both paycheck deductions and out-of-pocket costs) for each of the medical plans offered before making your choice for 2015.

<u>Plan & Tier</u>	<u>2014 Biweekly</u>	<u>2015 Biweekly</u>	<u>Biweekly Increase</u>	<u>Annual</u>
Employee Only				
HRA	58.80	60.84	2.04	1,581.84
HSA	26.76	27.30	0.54	709.80
Employee + Spouse/Partner				
HRA	121.80	126.36	4.56	3,285.36
HSA	55.44	57.72	2.28	1,500.72
Employee + child(ren)				
HRA	109.80	113.88	4.08	2,960.88
HSA	49.68	51.48	1.80	1,338.48
Family				
HRA	178.56	185.64	7.08	4,826.64
HSA	81.00	84.24	3.24	2,190.24

HRA & HSA Accounts – Waters contributions

Waters

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Company Contribution to HRA Account or HSA Account	Employee Only	Employee Plus Child(ren)	Employee and/or Spouse/Partner, With or Without Child(ren)
Complete a Health Assessment and complete biometrics	\$250	\$250	Up to \$500 (employee \$250, spouse \$250)
Other activities in 2015 for additional contributions up to	\$250	\$250	Up to \$500 (employee \$250, spouse \$250)
Total potential contribution up to	\$500	\$500	\$1,000

No more seed money.

Find details on these company contributions on watersbenefitsnow.com in the Cigna MotivateMe Incentive Awards document.

An HSA Account earns tax-free interest and allows you to contribute your own pre-tax dollars in addition to the above company contributions.

What are HRA & HSA Accounts?



If you are enrolled in Waters HRA Medical Plan, you automatically are set up with an HRA Account

HRA = Health **Reimbursement** Account (Employer Funded)

If you are enrolled in Waters HSA Medical Plan, you automatically are set up with an HSA Account

HSA = Health **Savings** Account* (Employer and Employee Funded)

Pretax accounts that you can use to off-set
out-of-pocket expenses you may have.

If you participate in Cigna's MotivateMe Incentive Awards Program, Waters will contribute some \$ to your account, Up to \$500, or up to \$1,000 if your spouse/partner participates.

2015 Plan Design

In-Network Benefits Summary



	HRA	HSA
TOTAL Potential Cigna MotivateMe Incentive Waters contributions into employee's HRA/HSA account	up to \$500 Employee or \$1,000 w/ Spouse/Partner	up to \$500 Employee or \$1,000 w/ Spouse/Partner
Deductible	\$750 employee only / \$1,500 two person / \$1,900 family	\$1,450 employee only / \$3,500 two or more
Net Deductible after Waters maximum potential contribution to HRA/HSA account	\$250 employee only / \$500 employee+spouse/partner / \$1,000 employee+child(ren) / \$900 family	\$950 / \$2,500
Coinsurance	10% after ded	10% after ded
PCP visit	10% after ded	10% after ded
Specialist visit	10% after ded	10% after ded
Preventive Care Visit	\$0	\$0
Inpatient Hospital visit	10% after ded	10% after ded
Outpatient Hospital visit	10% after ded	10% after ded
Emergency Room	10% after ded	10% after ded
Retail Rx Prescription (Generic / Preferred Brand / Non-Preferred Brand)	\$10 / \$20 / \$40 copay	10% after ded
Mail Order Rx Prescription (Generic / Preferred Brand / Non-Preferred Brand)	\$20 / \$40 / \$80 copay	10% after ded
Out Of Pocket Maximum (includes full deductible)	\$2,250 / \$4,500 / \$5,700	\$4,450 / \$10,500
Out Of Pocket Maximum for employee after Waters potential contributions to HRA/HSA account	\$1,750 / \$3,500 / \$4,700	\$3,950 / \$9,500

Please note – this doesn't reflect the payroll deduction medical cost of which the HSA is less.

2015 Plan Design recap



Here are some key features of the two medical plan options to consider when deciding which one will provide you with the coverage you need at the lowest cost:

HRA Plan

The per-paycheck deduction cost is higher than the HSA Plan.

100% coverage for all in-network preventive care.

Annual in-network deductible*: \$750 individual/\$1,500 for two people/\$1,900 family.

Coinsurance: Cigna pays 90% of eligible charges. You pay 10% of charges after the plan deductible.

Prescriptions are subject to one of the three tier copayments.

Annual in-network out-of-pocket maximum**: \$2,250 individual/\$4,500 for two people/\$5,700 family.

HSA Plan

The per-paycheck deduction cost is lower than the HRA Plan.

100% coverage for all in-network preventive care.

Annual in-network deductible*: \$1,450 employee only/\$3,500 for two people or more

Coinsurance: Cigna pays 90% of eligible charges. You pay 10% of charges after the plan deductible.

Prescriptions are subject to deductible and coinsurance, the same as medical expenses.

Annual in-network out-of-pocket maximum**: \$4,450 employee only/\$10,500 two or more.

*The deductible is not an expense you automatically have to pay if you don't incur out of pocket expenses. Please read the plan summaries and speak with Cigna for details.

** The out-of-pocket maximum is not an expense you automatically have to pay . This is the maximum amount you will pay out of pocket in the calendar year if your claims are high enough to reach this worst-case scenario. It includes all deductibles, copays and coinsurance. If you do meet this out-of-pocket expense due to high claim amounts, Cigna will pay any and all eligible charges over this amount at 100% for the remainder of the year.

What are HRA and HSA Accounts?

	HRA <i>Health Reimbursement Account</i>	HSA <i>Health Savings Account</i>
Eligibility?	Any benefits eligible employee can elect the HRA Plan with the HRA account as their one Waters medical plan	Any benefits eligible employee not enrolled in any other non-High Deductible Medical Plan (including any of the Medicares) can elect the HSA Plan with the HSA account as their one Waters medical plan
Who funds?	Employer Only	Employer and Employee if he/she chooses to
Funding Limits?	No federally mandated maximum but Waters 2015 contribution up to \$500 individual/ \$1,000 when spouse/partner also enrolled	Waters 2015 contribution up to \$500 individual/ \$1,000 when spouse/partner also enrolled. Total Waters and employee contribution limits for 2015: \$3,350 individual/\$6,650 family. Catch-up contribution of \$1,000/year allowed if age 55 by end of tax year. Earns interest.
Tax Benefit?	Yes – Employee never taxed on this money	Yes – Employee never taxed Federally on this money when withdrawn for eligible health expenses (NH,TN,CA,NJ, & AL – all have specific state tax laws

What are HRA and HSA Accounts? *continued*

	HRA <i>Health Reimbursement Account</i>	HSA <i>Health Savings Account</i>
Reimbursement /Payment options?	Account available funds will automatically be used up first	Employee chooses to use funds per claim or save, & can change decision at any point
Eligible expenses?	For you and your covered dependents, any claim under this medical plan, except Rx copays	For you and any IRS tax eligible dependent of yours, tax free for any IRS qualified health expenses (same as Health FSA) & LTC or COBRA premiums. Any other non-eligible expenses would be taxable & if under 65 also subject to 20% penalty
Rollover funds year to year?	Yes – Waters will allow rollover up to that year's annual in-network deductible amount	Yes – no limit
Portability of account upon termination?	All funds forfeit upon exiting plan or leaving Waters	Yes – employee owns the account, never forfeits. Even roll to future employer HSAs

What are HRA and HSA Accounts? *continued*

	HRA <i>Health Reimbursement Account</i>	HSA <i>Health Savings Account</i>
Retiree Health Care Plan (RHCP) eligible?	Yes, eligible for both, if meet RHCP eligibility rule of 50+	Yes, eligible for both, if meet RHCP eligibility rule of 50+
Advantages over RHCP?	You can enroll in HRA prior to age 50. Waters will contribute some money to HRA without employee contribution and it's tax free. Can use HRA funds while still employed. RHCP allows for employee Post-tax contribution and Waters match to RHCP is pre-tax up to \$1,200 annually which is more than Waters contribution to HRA annually. RHCP earns interest.	You can enroll in HSA prior to age 50. Waters will contribute some money to HSA without employee contribution and it's tax free. Employee can contribute more to HSA than RHCP, and contributions to HSA are pretax. Can use HSA funds while still working. But RHCP Waters match is pre-tax up to \$1,200 annually which is more than Waters contribution to HSA. RHCP earns interest too.
Health FSA eligible?	Yes, but HRA must pay eligible expenses first, and same expenses can't be double-dipped with both accounts	Not General Purpose Health Care FSA if employee or their spouse have an HSA account (anywhere). Yes Limited Purpose Health Care FSA.
Advantages over Health FSA?	Waters will contribute some money into your HRA and up to plan's annual deductible will roll into future years, FSA will roll up to \$500 unused balance	Waters will contribute some money into your HSA, never forfeit, roll yr to yr, available even after employment ends, can contribute higher amount pretax each year, earns interest

HRA Plan & Account Summary

HRA Eligibility:

- Any benefits eligible person and eligible dependents

HRA Plan Design:

- Higher cost out of your pay check than HSA Plan
- Lower deductible & out-of-pocket max than HSA Plan
 - These are based on a per-person rule
- Prescription drugs are three-tier copay design
 - Prescription copays do not count toward deductible,
 - but do count toward out-of-pocket max

HRA Plan & Account Summary



HRA Account:

- Waters company contribution only, no employee contribution
 - But can do General Purpose or Limited Purpose Health FSA
- Can be used for medical expenses the plan considers eligible, but that you had to pay for out of pocket
 - NOT prescription copays
- Forfeit any unused balance at the end of each calendar year that is over that year's annual deductible amount. Amounts up to that year's annual deductible will automatically roll into the next plan year.

HSA Plan & Account Summary



HSA Plan Eligibility:

- Any benefits eligible employee who doesn't have medical coverage elsewhere, including Medicare Part A &/or B (the exception is if you are enrolled in a High Deductible Medical Insurance Plan), and who doesn't have a General Purpose Health FSA (self or spouse)
 - Plus their eligible dependents, HOWEVER, only IRS Tax Qualified Dependents expenses can be paid for from your HSA Account

HSA Plan & Account Summary



HSA Plan Design:

- Lower cost out of your pay check than HRA Plan
- Higher deductible & out-of-pocket max than HRA Plan
 - Single deductible is for employee only enrollment, if you cover anyone else it becomes the higher two person or family deductible
- Prescription drugs are subject to deductible and coinsurance
 - Does count toward deductible
 - Does count toward out-of-pocket max

HSA Account Summary



HSA Account:

- IRS limit of \$3,350 ind/\$6,650 family PRETAX, company plus your contributions. Catch-up contribution \$1,000/yr for 55+
- Earns interest, can even choose to invest your money
- Contribute to new Limited Purpose Health FSA too for dental & vision expenses so you can let your HSA Account grow
- Can be used for your and your IRS Tax Qualified Dependents out of pocket medical, Rx, dental, vision expenses that the plans considers eligible, or any Qualified Expense found on the 213d list ([irs.gov](https://www.irs.gov)).
 - Even premiums for Long Term Care, COBRA, or Medicare
- Never forfeit any unused balance

HSA Account summary *continued*



- At time of enrollment also complete an HSA bank account beneficiary form (on the enrollment screens)
- Can enroll, stop, or change your employee contribution amount at any time (once per payroll period)
- It is your account from day one, and always
- You manage the money and use it when and how you want
- Daily account activity & QTRLY statements online, or can opt for paper statements to be mailed home at a cost of \$1.25 each
- Can roll prior employer's HSA Account into this account

HSA Account summary *continued*

- Cigna's HSA product offers JPMorgan Chase as a financial partner. JPMorgan Chase provides:
 - An FDIC cash account that earns interest
 - Investment Options: HSA participants with \$2,000 or more in their HSA cash can elect to invest the funds
 - Find details on myCigna.com
 - If you elect Automatic Claim Forwarding (*optional*): Cigna will automatically pay eligible medical expenses from the HSA
 - If not you can choose how to pay from the following options:
 - Debit card: Mastercard® branded debit card to pay out-of-pocket expenses (not a smart-card like Health FSA card)
 - Checkbook
 - Online Bill Pay

NEW Limited Purpose Health FSA



- With Benefit Strategies
- We still will also offer our General Purpose Health Care FSA (can only elect one Health Care FSA, not both)
- Eligible to pay for dental & vision out of pocket expenses only
- All employees are eligible, even those in the HSA Medical Plan (HSA Account can also be used for dental & vision, plus medica/Rx)
- Elect up to \$2,500 annually, full annual elected amount available January 2, 2015, & up to \$500 unused carries year to year
- Can't change or stop contributions all year
- Enroll during Open Enrollment

FSA Comparison & Eligibility

FSA eligibility depending on what you have for a medical plan

	HRA Plan	HSA Plan	Neither
Limited Purpose Health FSA	Yes	Yes	Yes
General Purpose Health FSA	Yes	No	Yes (<i>if <u>not</u> covered on a High Deductible Health Plan w/ HSA Account elsewhere</i>)
Both Limited & General Purpose Health FSA	No	No	No
Limited Purpose FSA & HSA Account	No	Yes	Yes (<i>if covered on a High Deductible Health Plan elsewhere w/ HSA</i>)
General Purpose FSA & HSA Account	No	No	No
Dependent Care FSA	Yes	Yes	Yes

Flexible Spending Accounts (FSAs)

■ Health Care Flexible Spending Account year end rules

- The grace period (March 15th) to “incur” eligible expenses after the plan year ends is gone, must “incur” by December 31st
 - General Purpose & Limited Purpose Health Care FSAs
- HOWEVER, remaining balance in your account at the end of each calendar year will automatically carry into the upcoming year “up to” \$500, the rest will forfeit
- You can still contribute “up to” the IRS pretax limit of \$2,500, in either the Limited Purpose or General Purpose Health FSA (only one, not both), on top of this carry over
 - Ex. $\$500 + \$2,500 = \$3,000$

■ Dependent Care FSA

- No changes, still has grace period of 75 days to incur, 90 to submit

Help choosing a medical plan



Choose the right medical plan by using these tools

www.WatersBenefitsNow.com

- Several tools are right on the login page:
 - Open Enrollment eGuide
 - Medical Plan Comparison Chart - side-by-side cost and coverage comparison
 - HRA & HSA Plan and Account presentation
 - Which medical plan is best for me and my family
 - Open Enrollment FAQs
 - During your enrollment window, 'Ask Emma' tool that helps you choose between the two medical plans

Help choosing a medical plan *continued*



Choose the right medical plan by using these tools

www.myCignaPlans.com

- Waters customized Cigna pre-enrollment site at myCignaPlans.com [waterscorp2015, cigna]
 - Educational videos & tools on HRA/HSA accounts
 - A tool that allows you to model out both plan options in detail to estimate what it will cost you in either plan
 - Go to “Plan Costs”, then “Compare Plan Costs”
- Cigna’s pre-enrollment phone # 800-401-4041 for live reps to help you understand the medical/prescription plans and their pretax accounts

Help choosing a medical plan *continued*

Choose the right medical plan by using these tools

www.myCigna.com

- MyCigna.com, click “Manage Claims,” then “Claims”
 - Your historical medical and/or prescription claims actual cost
 - For Medical Claims:
 - add up what “My Account Paid” and “What I Owe” which were your true out of pocket (deductible & coinsurance) costs.
 - For Prescription Drugs:
 - “Amount billed” is the full cost, “Customer Cost” is what you were responsible for in the plan you were in in 2014. For the HRA this was your copay, for the HSA this was your deductible/coinsurance
- Click “Estimate Health Care Costs” to project future services
 - then follow the Medical or Prescription Cost Estimator tools which will reveal the negotiated costs for services per location/facility/Dr/pharmacy.

Help using your medical plan



Use these tools during the year

- WatersBenefitsNow.com
 - Plan summaries, Medical Plans Users e-Guide, and resources

- myCigna.com
 - Convenient sync-up of your claims, deductible and HRA/HSA accounts
 - Review your Explanation of Benefits (EOB) for each claim
 - Shop for care, compare provider ratings and costs
 - Tools & videos
 - 24/7 live customer service using the # on your member card
 - Smartphone & Tablet App

- Health Advocates
- Best Doctors