

# HSA-compatible Plans Primer

For Minnesotans who buy health  
coverage on their own





## Real-time financial flexibility, tax-free savings plan

What if you had a savings account to help cover health care costs — and the dollars rolled over from year to year? What if the money you spent on health care could help you save on taxes? What if you had an account to save for retirement — whether that's one year away or a decade away? That's the power of a Health Savings Account (HSA) paired with an HSA-compatible health plan.

An HSA-compatible health plan gives you a lower monthly premium with a higher deductible — so your monthly costs to pay for your plan might be lower, but you'll pay more upfront for health care before your health plan begins to pay. To help with medical expenses, these plans enable you to save and spend money tax free in an account that rolls over year-to-year and goes with you wherever you go.

## Components of an HSA-compatible plan:

- 1 High-deductible health plan with lower monthly premium and more upfront health care costs. In-network preventive care is fully covered without having to meet your deductible.
  - 2 An optional Health Savings Account you can open through your bank or credit union that offers triple tax advantages.
- 

### 1 High-deductible health plans

These plans can be a good fit for those who are generally healthy and offer cost-sharing options through a health plan company, like UCare.

Just like a traditional copay health plan, you choose your level of coverage (bronze or silver) and network (broad or focused) that works best for you. No matter which level of coverage or network you choose, your plan will cover in-network preventive care at 100% even if your deductible hasn't been met.

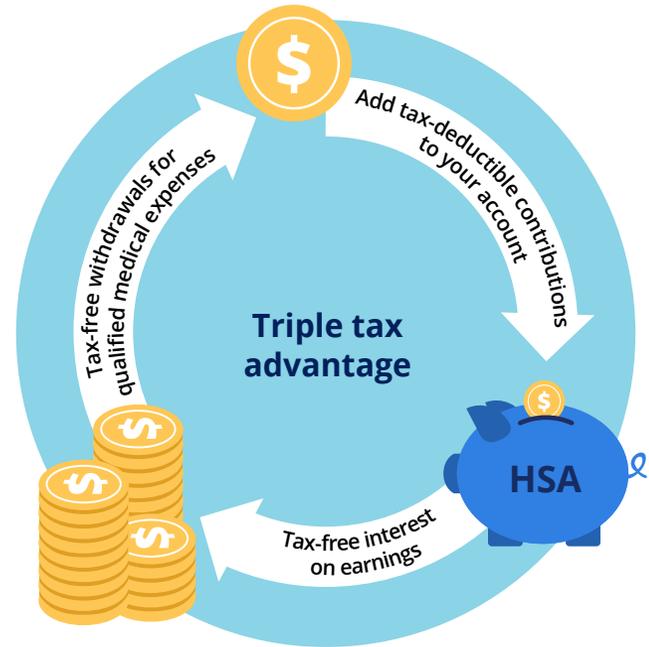
When you go to the doctor, your claim will be submitted by your doctor to your health plan. You will be billed for services if you haven't met your deductible or it wasn't a preventive care visit. You could then pay that bill using HSA funds.

## 2 Health Savings Accounts

Extend the value of an HSA-compatible health plan by pairing it with a Health Savings Account. It allows you to contribute tax-deductible funds to pay for future health care costs, gain tax-free interest on earnings and pay for qualified medical expenses tax free.

An HSA is yours to manage and ensure withdrawals are made for IRS-qualified medical expenses. The HSA can be one you already have or one you open at your bank or credit union. Your health plan company, like UCare, cannot access funds in the account.

Once your account is open, you can deposit one lump sum up to the IRS-set annual contribution limit or make smaller deposits throughout the year. You can immediately access the money in the account and it rolls over each year. You have up until the tax filing deadline of the following year to make contributions for the tax filing year.



Funds in your HSA account can be used to pay for medical expenses before and after you have met your health plan deductible so long as those expenses are IRS-qualified medical expenses, which include things like:

- Doctor visits
- Telehealth and online/virtual visits
- Lab fees
- Prescriptions
- Over-the-counter medications
- Feminine care products

It also includes LASIK, dental, vision, acupuncture and other complementary care not typically covered by a health plan. Funds in an HSA cannot be used to pay your monthly health plan premiums, however.

You'll want to keep copies of receipts for expenses paid with HSA money and report your total deposits and withdrawals from your account each year with your taxes. And you'll want to keep an eye on how much you're contributing to the account annually and not exceeding the IRS contribution limits.

## HSA contribution limits



If you're over 55, you can make "catch up" contributions of \$1,000 annually.

Contribution limits change annually and are updated by the IRS.



**Plus, the money in your account rolls over each year.**

## An investment strategy for retirement

If you're nearing retirement or plan to retire early, an HSA-compatible health plan paired with a Health Savings Account can be a smart way to save for health care costs during those years because of the triple tax advantages.

Rather than using the money in your HSA account for medical expenses now, you can let your savings grow and earn tax-free interest on the balance in your account. Plus, you can use your HSA funds for purposes beyond qualified medical expenses after age 65 but you'll pay income taxes on anything that isn't a qualified medical expense.

It's also a good idea to consult with your tax or financial advisor when considering an HSA-compatible health plan as an investment strategy for retirement.



### Flexible spending at age 65

Spend your HSA funds any way you like when you reach age 65. Withdrawals for purchases that are not qualified medical expenses are subject to income taxes.

## Plan for your biggest expense in retirement

Whether your retirement is years away or just around the corner, health care expenses are likely to be one of the biggest expenses you'll face in retirement. You can expect to live longer and spend decades in retirement thanks to medical advances. For an average couple, that could mean paying \$285,000\* in health care costs over their retirement years — even with help from Medicare.

The earlier you can begin planning and saving for health care costs down the road, the more prepared you'll be to reach your retirement goals. Here are some tips to help you get there:

- Consider an HSA-compatible health plan and pair it with a Health Savings Account
- Contribute the maximum amount each plan year
- If you're over 55, add the extra \$1,000 to your HSA each year as a "catch-up" contribution
- Avoid taking money out of your HSA until age 65 or later, when you can spend your HSA funds on health care expenses or anything else you choose

Talk with your financial advisor about the benefits of adding a Health Savings Account to your financial planning strategy.

\*Fidelity Retiree Health Care Cost Estimate, 2019; based on a hypothetical couple retiring in 2019 at age 65. This material is provided for general informational purposes only and should not be considered legal, tax or financial advice. You should consult with a lawyer, tax professional or other financial advisor to determine what may be best for your individual needs.

# Determining when an HSA-compatible health plan is right for you and your family

Since you could be paying more upfront and potentially out of pocket for health care with an HSA-compatible health plan, it's important to review the coverage levels and determine whether these plans may be a good fit for you and your family.

HSA-compatible health plans may be ideal for those who are generally healthy and don't expect large health care expenses during the plan year. And those who may need expensive health care in the plan year — like a surgery, hospital stay and rehabilitation to regain full functioning — may want to choose a copay plan that offers a lower deductible with less upfront out-of-pocket costs.

Most Minnesota health plan companies, including UCare, offer HSA-compatible health plans at the bronze and silver cost-sharing levels. In fact, with a UCare Bronze HSA, you don't pay anything for in-network services covered by the plan once you meet your deductible for the plan year.

Let's take a closer look at UCare's HSA-compatible plans and a few examples to illustrate the differences of each cost-sharing level.

## UCare's HSA-compatible health plan cost-sharing options

	Bronze*	Silver*
<b>Individual deductible</b>	\$6,950	\$3,000
<b>Family deductible</b> For a family of two or more	\$13,900	\$6,000
<b>Individual out-of-pocket limit</b>	\$6,950	\$6,800
<b>Family out-of-pocket limit</b> For a family of two or more	\$13,900	\$13,600
<b>Preventive care</b>	No charge	No charge
<b>After the deductible</b>		
<b>Office visit / urgent care</b>	0% coinsurance	25% coinsurance
<b>Retail and online visits</b>	0% coinsurance	25% coinsurance
<b>Preferred generic drugs</b>	0% coinsurance	25% coinsurance
<b>Non-preferred generic drugs</b>	0% coinsurance	25% coinsurance
<b>Preferred brand drugs</b>	0% coinsurance	25% coinsurance
<b>Emergency room</b>	0% coinsurance	25% coinsurance
<b>Diagnostic tests</b>	0% coinsurance	25% coinsurance
<b>Hospital stays</b>	0% coinsurance	25% coinsurance

\*Representative of both UCare's broad Individual & Family Plans network *and* UCare's focused Individual & Family Plans with M Health Fairview network.

## Two scenarios highlight the out-of-pocket differences

Here are examples that highlight the differences in out-of-pocket costs you could expect to pay under our different plan options.



### Individual

Alyssa, a 32-year-old independent consultant in the Twin Cities, typically only sees her doctor for preventive care. She doesn't anticipate any ongoing care or surgeries this year, but did see her doctor once last year at an M Health Fairview clinic for a minor skin irritation.

A Bronze HSA-compatible plan with our M Health Fairview network may be the best plan for her with its upfront coverage for preventive care and access to an optional tax-advantaged Health Savings Account (HSA) to save for future medical expenses. While Alyssa will pay for her office visits out of pocket, the total amount she will pay during the year will be less than if she chose a plan with higher premiums.

	Bronze copay	Silver copay	Gold copay	Bronze HSA	Silver HSA
Annual premium	\$2,614.44	\$3,100.68	\$3,849.60	\$2,480.76	\$2,943.24
Deductible	\$5,900	\$2,900	\$900	\$6,950	\$3,000
Preventive care	\$0	\$0	\$0	\$0	\$0
Clinic costs	\$60 copay <i>before</i> deductible	\$30 copay <i>before</i> deductible	\$20 copay <i>before</i> deductible	\$140 in deductible	\$140 in deductible
Total Alyssa would pay this year (approx.)	\$2,674.44	\$3,130.68	\$3,869.60	<b>\$2,620.76</b>	\$3,083.24



## Individual

John, a 56-year-old metal worker in Northwestern Minnesota\*, has high blood pressure. He sees his primary care doctor three times a year and takes Losartan, a generic prescription drug, for the chronic condition.

A Bronze copay plan may be best for John. It has solid upfront coverage (including three office visits at a copay) before the deductible but still keeps his premiums low. With an HSA-compatible plan, John would pay less in monthly premium but a lot more out of pocket each time he sees the doctor or fills his prescription. And with a copay plan at a higher metal level, he would pay for more extensive coverage he likely wouldn't use.

	Bronze copay	Silver copay	Gold copay	Bronze HSA	Silver HSA
Annual premium	\$6,213.00	\$7,368.48	\$9,148.44	\$5,895.48	\$6,994.32
Deductible	\$5,900	\$2,900	\$900	\$6,950	\$3,000
Preventive care	\$0	\$0	\$0	\$0	\$0
Clinic costs	\$180 copay <i>before deductible</i>	\$90 copay <i>before</i> <i>deductible</i>	\$60 copay <i>before</i> <i>deductible</i>	\$420 in deductible	\$420 in deductible
Prescription costs	\$120 in copays	\$80 in copays	\$40 in copays	\$810	\$810
Total John would pay this year (approx.)	<b>\$6,513.00</b>	\$7,538.48	\$7,468.48	\$7,125.48	\$8,224.32

\*Rates and network vary by region and may impact specific pricing.

# HSA-compatible health plan frequently asked questions

## 1. What are IRS-qualified medical expenses?

The IRS provides a list of what Health Savings Account funds may be spent on. For a full list of IRS-qualified medical expenses see [irs.gov](https://www.irs.gov) and search for “Publication 502, Medical and Dental Expenses.”

## 2. If I move to a different type of health plan in a future year, can I continue to use the money I’ve saved in the HSA?

Yes, any money you have contributed in a Health Savings Account rolls over year-to-year and goes with you wherever you go — no matter the health plan you’re on, including Minnesota Health Care Programs and Medicare.



### 3. Do I qualify for a Health Savings Account?

To be eligible for an HSA, you must:

- Be enrolled in an HSA-compatible health plan also known as a high-deductible health plan. You can spend money in an existing HSA without being enrolled in this type of plan, but in order to contribute money to the HSA, you must be enrolled in an HSA-compatible plan.
- Not be enrolled in Medicare, a general-purpose Flexible Spending Account (FSA), or covered by another plan that is not HSA-compatible.
- Not be claimed as a dependent on someone else's tax return.

### 4. Where can I open a Health Savings Account?

Many banks and credit unions offer HSAs. You are free to choose any bank you like to open an HSA. If you are not currently a member of a credit union, consider opening an account with MN Credit Union Network, an association of nonprofit credit unions that are dedicated to serving Minnesotans. Search on [creditunionhsa.org](https://creditunionhsa.org) finder to locate a credit union near you.

Find more Frequently Asked Questions about HSA-compatible health plans at [ucare.org/ifp-hsa](https://ucare.org/ifp-hsa).

# Is an HSA-compatible health plan right for you?

Does a lower premium and higher deductible work best for your life or budget?

No

Yes

Do you primarily see your doctor for check-ups, preventive care or the occasional office visit?

Yes

Do you want tax advantages?

Yes

Is saving money for future medical costs part of your financial strategy?

Yes

Can your budget withstand a larger, unexpected medical cost?

No

No

No

Yes

No

**No, an HSA may not be right for you.**  
Try a traditional copay plan

**Yes, an HSA may be right for you!**

## Ready to take the next step?



For more about HSA-compatible health plans visit [ucare.org/ifp-hsa](https://ucare.org/ifp-hsa) or contact UCare at 1-855-307-6975 (TTY 1-800-688-2534) or [ifpsales@ucare.org](mailto:ifpsales@ucare.org). Or find an independent broker in your area at [ucare.org/ifp-brokers](https://ucare.org/ifp-brokers).



For more about Health Savings Accounts visit [creditunionhsa.org](https://creditunionhsa.org).



Ready to enroll? Find a UCare HSA-compatible plan on MNsure and open an HSA at your bank or credit union.

## **Notice of Nondiscrimination**

UCare complies with applicable Federal civil rights laws and does not discriminate on the basis of race, color, national origin, age, disability or sex. UCare does not exclude people or treat them differently because of race, color, national origin, age, disability or sex.

We provide aids and services at no charge to people with disabilities to communicate effectively with us, such as TTY line, or written information in other formats, such as large print.

If you need these services, contact us at **612-676-3200 (voice)** or toll free at **1-800-203-7225 (voice)**, **612-676-6810 (TTY)**, or **1-800-688-2534 (TTY)**.

We provide language services at no charge to people whose primary language is not English, such as qualified interpreters or information written in other languages.

If you need these services, contact us at the **number on the back of your membership card** or **612-676-3200** or toll free at **1-800-203-7225 (voice)**; **612-676-6810** or toll free at **1-800-688-2534 (TTY)**.

If you believe that UCare has failed to provide these services or discriminated in another way on the basis of race, color, national origin, age, disability or sex, you can file an oral or written grievance.

### Oral grievance

If you are a current UCare member, please call the number on the back of your membership card. Otherwise please call **612-676-3200** or toll free at **1-800-203-7225 (voice)**; **612-676-6810** or toll free at **1-800-688-2534 (TTY)**. You can also use these numbers if you need assistance filing a grievance.

Written grievance

*Mailing Address*

UCare

Attn: Appeals and Grievances

PO Box 52

Minneapolis, MN 55440-0052

Email: [cag@ucare.org](mailto:cag@ucare.org)

Fax: 612-884-2021

You can also file a civil rights complaint with the U.S. Department of Health and Human Services, Office for Civil Rights, electronically through the Office for Civil Rights Complaint Portal, available at <https://ocrportal.hhs.gov/ocr/portal/lobby.jsf>, or by mail or phone at:

U.S. Department of Health and Human Services

200 Independence Avenue SW

Room 509F, HHH Building

Washington, D.C. 20201

1-800-368-1019, 1-800-537-7697 (TDD)

Complaint forms are available at <http://www.hhs.gov/ocr/office/file/index.html>.

ATENCIÓN: si habla español, tiene a su disposición servicios gratuitos de asistencia lingüística. Llame al 612-676-3200/1-800-203-7225 (TTY: 612-676-6810/1-800-688-2534).

LUS CEEV: Yog tias koj hais lus Hmoob, cov kev pab txog lus, muaj kev pab dawb rau koj. Hu rau 612-676-3200/1-800-203-7225 (TTY: 612-676-6810/1-800-688-2534).

XIYYEEFFANNAA: Afaan dubbattu Oroomiffa, tajaajila gargaarsa afaanii, kanfaltiidhaan ala, ni argama. Bilbilaa 612-676-3200/1-800-203-7225 (TTY: 612-676-6810/1-800-688-2534).

CHÚ Ý: Nếu bạn nói Tiếng Việt, có các dịch vụ hỗ trợ ngôn ngữ miễn phí dành cho bạn. Gọi số 612-676-3200/1-800-203-7225 (TTY: 612-676-6810/1-800-688-2534).

注意：如果您使用繁體中文，您可以免費獲得語言援助服務。請致電 612-676-3200/1-800-203-7225（TTY：612-676-6810/1-800-688-2534）。

ВНИМАНИЕ: Если вы говорите на русском языке, то вам доступны бесплатные услуги перевода. Звоните 612-676-3200/1-800-203-7225 (телетайп: 612-676-6810/1-800-688-2534).

ໂປດຊາບ: ຖ້າວ່າ ທ່ານເວົ້າພາສາ ລາວ, ການບໍລິການຊ່ວຍເຫຼືອດ້ານພາສາ, ໂດຍບໍ່ເສັຽຄ່າ, ແມ່ນມີພ້ອມໃຫ້ທ່ານ. ໂທ 612-676-3200/1-800-203-7225 (TTY: 612-676-6810/1-800-688-2534).

ማስታወሻ: የሚናገሩት ቋንቋ ኣማርኛ ከሆነ የትርጉም ኣርዳታ ድርጅቶቻችን በነጻ ሊያገለግሉት ተዘጋጅተዋል። ወደ ሚከተለው ቁጥር ይደውሉ። 612-676-3200/1-800-203-7225 (መስማት ለተሳናቸው፡ 612-676-6810/1-800-688-2534)።

ဟ်သုဂ်ဟ်သး-နမ့ၢ်ကတိၤ ကညီၤ ကျိၣ်အယိၣ်, နမ့ၢ်န့ၢ် ကျိၣ်အတၢ်မၤစၢၤလၢ တလၢဂ်ဘျုးလၢဂ်စ့ၤ နီတမံၤဘျုးသ့ၣ်န့ၣ်လီၤ.  
ကိး 612-676-3200/1-800-203-7225 (TTY: 612-676-6810/1-800-688-2534).

ACHTUNG: Wenn Sie Deutsch sprechen, stehen Ihnen kostenlos sprachliche Hilfsdienstleistungen zur Verfügung. Rufnummer: 612-676-3200/1-800-203-7225 (TTY: 612-676-6810/1-800-688-2534).

ប្រយ័ត្ន៖ បើសិនជាអ្នកនិយាយភាសាខ្មែរ, រសវាជំនួយវដ្តកភាសា ដោយមិនគិតល្អល  
គឺអាចមានសំរាប់បរិវេណ។ ចូរ ទូរស័ព្ទ 612-676-3200/1-800-203-7225 (TTY: 612-676-6810/  
1-800-688-2534)។

ملحوظة: إذا كنت تتحدث اذكر اللغة، فإن خدمات المساعدة اللغوية تتوافر لك بالمجان. اتصل برقم  
612-676-3200/1-800-203-7225 (رقم هاتف الصم والبكم: 612-676-6810/1-800-688-2534).

ATTENTION : Si vous parlez français, des services d'aide linguistique vous sont proposés gratuitement.  
Appelez le 612-676-3200/1-800-203-7225 (ATS : 612-676-6810/1-800-688-2534).

주의: 한국어를 사용하시는 경우, 언어 지원 서비스를 무료로 이용하실 수 있습니다.  
612-676-3200/1-800-203-7225 (TTY: 612-676-6810/1-800-688-2534) 번으로 전화해 주십시오.

PAUNAWA: Kung nagsasalita ka ng Tagalog, maaari kang gumamit ng mga serbisyo ng tulong sa wika  
nang walang bayad. Tumawag sa 612-676-3200/1-800-203-7225 (TTY: 612-676-6810/1-800-688-2534).



500 Stinson Blvd  
Minneapolis, MN 55413  
1-855-307-6975 | TTY 1-800-688-2534  
8 am – 5 pm, Monday - Friday  
**[ucare.org/ifp](https://ucare.org/ifp)**

U9920 (09/2020)