MINNESOTA
Management
& Budget

# State of Minnesota

# MN Advantage
# Consumer Directed Health Plan

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# Advantage Consumer Directed Health Plan (ACDHP)

During the 2008 legislative session, the legislature passed a bill that required the State Employee Group Insurance Program (SEGIP) to offer a high deductable health plan (HDHP).

Article 43A.23 sub 1(d):

Beginning January 1, 2010, the health insurance benefit plans offered in the commissioner's plan under section 43A.18, subdivision 2, and the managerial plan under section 43A.18, subdivision 3, must include an option for a health plan that is compatible with the definition of a high-deductible health plan in section 223 of the United States Internal Revenue Code

# Plan Design

The program is built on the Minnesota Advantage Health Plan with its four tiers of primary care providers.

- 100% preventive care coverage
- $1500/$3000 single/family deductible
- Coinsurance payment (5% to 25% depending upon the Cost Level of the primary care clinic chosen) to an annual out-of-pocket maximum.
- $3000/$6000 (single/family) out-of-pocket maximum

Each of the plans currently participating in Advantage will participate in the CDHP.

- BlueCross (medical)
- HealthPartners (medical)
- PreferredOne (medical)
- Navitus Health Solutions (pharmacy)

# Advantage Consumer-Directed Health Plan Design (ACDHP)

| 2010 – 11 Benefit Provisions | Cost Level 1 | Cost Level 2 | Cost Level 3 | Cost Level 4 |
|---|---|---|---|---|
| Preventive Care Services | Plan Pays 100% of Covered Services | | | |
| Annual Deductible (single/family) | $1,500/$3,000 | | | |
| Annual Out-of-Pocket Maximum (includes deductible) | $3,000/$6,000 | | | |
| Office Visits* | 5% after deductible | 10% after deductible | 15% after deductible | 25% after deductible |
| Convenience Clinics | 5% after deductible | 10% after deductible | 15% after deductible | 25% after deductible |
| Emergency (emergency care received in a hospital emergency room) | 5% after deductible | 10% after deductible | 15% after deductible | 25% after deductible |
| Inpatient Hospital | 5% after deductible | 10% after deductible | 15% after deductible | 25% after deductible |
| Outpatient Surgery | 5% after deductible | 10% after deductible | 15% after deductible | 25% after deductible |
| Hospice and Skilled Nursing Facility | 5% after deductible | 10% after deductible | 15% after deductible | 25% after deductible |
| Prosthetics and Durable Medical Equipment; Lab, Pathology, and X-ray; MRI/CT Scans; Other (e.g., Ambulance, Home Health Care, Outpatient Hospital (non-surgical)) | 5% after deductible | 10% after deductible | 15% after deductible | 25% after deductible |
| Prescription Drugs** | After deductible is met, $10 Tier 1 / $16 Tier 2 / $36 Tier 3 | | | |

**Office visits for illness/injury, for outpatient physical, occupational or speech therapy, and urgent care within the service area, including outpatient visits in a physician's office, chiropractic services, outpatient mental health and chemical dependency.*

*****30-day supply of Tier 1, Tier 2, or Tier 3 prescription drugs, including insulin; or a 3-cycle supply of oral contraceptives.***

*Emergency care or urgent care at a hospital emergency room or urgent care center out of the plan's service area or out of network: after payment of the deductible, the plan covers 80% of the first $2000 of eligible charges, then 100% per calendar year.*
*This chart applies only to in-network coverage. Out-of-Network coverage is available only for members whose permanent residence is outside the State of Minnesota and outside the service areas of the health plans participating in ACDHP. This category includes employees temporarily residing outside Minnesota on temporary assignment or paid leave [including sabbatical leaves] and all dependent children, including college students, and spouses living out of area. These members pay a $1500 single or $3000 family deductible and 30% coinsurance to the $3000/$6000 out-of-pocket maximums described above.*

# Health Savings Account

The employer will make a contribution to a Healthcare Savings Account (HSA) in the amount of $700/$1400 (s/f) for 2010. The contribution will be made on a pay period basis to the financial institution associated with the health plan administrator. The amount may change in 2011.

Most employees will be able to contribute to the HSA on a pre-tax basis; the maximum contribution (employer plus employee) in 2010 is $3,050 for those with single coverage and $6,150 for those with family coverage.

Each of the health plans offers investment opportunities when the account reaches a specific balance, and any interest earned on the account is tax free.

No "use it or lose it" provision!

# Cost

- The premiums will be the same as Advantage, and the employer will contribute to premium on the same basis as it contributes to Advantage (e.g., 100% of single premium, 85% for dependent premium).

- The plan's total monthly cost will be $447.28/$1315.34 (single/family) for 2010, which includes both premium and the employer's contribution to the HSA.

- The State will pay any applicable HSA administrative fees (not including investment fees, if any).

## Sample Questions and Answers about Advantage Consumer Directed Health Plan

**Q. What is a Health Savings Account?**
A. A Health Savings Account (HSA) is a special tax-preferred trust or custodial account established under IRS Code Section 223 that is used to pay for current and future medical expenses. HSAs work hand in hand with a Consumer Directed Health Plan (CDHP). An HSA works like an IRA, except that the money is used to pay health care costs. The money deposited into the HSA and earnings thereon are not taxable. The funds can be withdrawn from the account to cover qualified medical expenses tax-free. Unused balances roll over from year to year.

**Q. What can I use my HSA for?**
A. An HSA can be used to pay for qualified medical, vision, dental or certain over-the-counter and prescription drug expenses as defined by the IRS.

**Q. What are the "qualified medical expenses" that are eligible for tax free distributions?**
A. Qualified medical expenses are expenses paid by the accountholder for diagnosis, cure, mitigation, treatment or prevention of disease. Examples of these expenses are those that fall under the deductible of the health plan, certain over-the-counter and prescription drugs, transportation to care providers, qualified long-term care expenses, and certain health insurance premiums. Such expenses are "qualified medical expenses" only if they are ineligible for insurance or any other type of coverage.

**Q. What premiums can be paid from an HSA?**
A. Qualified premiums include COBRA, health insurance after you reach age 65 (other than Medicare supplement), qualified long-term care insurance and health insurance premiums while receiving unemployment compensation.

**Q. If I enroll in the Consumer Directed Health Plan, may I have other health coverage?**
A. To be eligible for an HSA, an individual cannot have health coverage other than CDHP coverage. This means that an HSA-eligible individual cannot be covered by any health plan that provides coverage below the minimum CDHP deductible, including Medicare. For example, if your spouse has family coverage that would provide for coverage of benefits within the CDHP deductible, you would not be permitted to have an HSA.

**Q. May I enroll in a Medical Dental Expense Account if I have an HSA? What about my HRA?**
A. Remember that any expenses that could be paid from an MDEA or HRA can be paid from your HSA. However, should you wish to enroll in an MDEA, you must enroll in a limited purpose MDEA from which you may pay or vision and dental expenses and medical expenses only after the deductible has been met. The same holds true of your HRA which must become a limited purpose HRA. The pre-tax plan administrator, Eide Bailly, currently administers such accounts.

**Q. Can both an individual and a spouse have family CDHPs and HSAs?**
A. Yes. If both an individual and spouse have family CDHPs, the maximum annual HSA contribution for the family is $6,150 in 2010. A family cannot increase its annual contribution due to the fact that there are two CDHPs and/or two HSAs. This limit is split equally unless the individual and spouse agree on a different division.

A husband and wife may not have a joint HSA. Each spouse who wants to make a contribution to an HSA must open a separate HSA, and dollars cannot be transferred between them. However, one spouse may use withdrawals from his or her HSA to pay or reimburse the qualified medical expenses of the other spouse, without penalty, but both HSAs may not reimburse the same expenses.

For other tax situations, consult your tax advisor.

**Q. What are my options with regard to the health assessment offered by JourneyWell during Open Enrollment?**
A. You are invited to take the health assessment and to sign up for health coaching. But, unlike the Advantage Plan, there is no cost-sharing based incentive. That is, there is no lowered cost sharing for employees in the CDHP who take the health assessment.