Do not rely solely on this fact sheet.
Always refer to the individual plan brochures before making your final decision.

FastFacts
High Deductible Health Plans

OVERVIEW OF HIGH DEDUCTIBLE HEALTH PLANS

A High Deductible Health Plan (HDHP) is a health plan product that combines a Health Savings Account (HSA) or a Health Reimbursement Arrangement (HRA), traditional medical coverage and a tax-advantaged way to help save for future medical expenses while providing flexibility and discretion over how you use your health care dollars today.

HDHPs have higher annual deductibles and out-of-pocket maximum limits than other types of Federal Employees Health Benefits (FEHB) Program plans. With an HDHP, the annual deductible must be met before plan benefits are paid for services other than in-network preventive care services, which are fully covered..

HDHPs also protect you against catastrophic out-of-pocket expenses for covered services. Once your annual out-of-pocket expenses for covered services from in-network providers, including deductibles, copayments and coinsurance, reaches the pre-determined catastrophic limit, the plan pays 100% of the allowable amount for the remainder of the calendar year. *It is important to remember once the catastrophic maximum is met, you will **not** incur additional out-of-pocket medical expenses for in-network care, including doctor visit co-payments and prescriptions which are excluded from some traditional plan's catastrophic limits.*

HEALTH SAVINGS ACCOUNTS

A Health Savings Account allows individuals to pay for current health expenses and save for future qualified medical expenses on a pre-tax basis. Funds deposited into an HSA are not taxed, the balance in the HSA and interest grows tax free, and that amount is available on a tax free basis to pay your qualified medical expenses, including your copays, coinsurance and deductible. When you enroll in an HDHP, the health plan determines whether you are eligible for a Health Savings Account (HSA) or a Health Reimbursement Arrangement (HRA) based on the information you provide.

Who is eligible for an HSA?

You are eligible for an HSA if you are:

- Enrolled in an HDHP and not covered by another health plan (including a spouse's health plan, but not including specific injury insurance and accident, disability, dental care, vision care, or long-term care coverage)
- Not enrolled in Medicare
- Not in receipt of VA or Indian Health Service (IHS) medical benefits within the last three months

Members of Congress and designated staff enrolled in a DC SHOP plan should refer to DC SHOP rules and their plan's brochure for HSA information.

- Not covered by your own or your spouse's flexible spending account (FSA), and are not claimed as a dependent on someone else's tax return

How does an HDHP with an HSA work?

- You enroll in an HDHP under the FEHB Program
- Your plan establishes an HSA with a fiduciary (each HDHP has more information on how this step works in their brochure)
- Your plan contributes money into your HSA (the premium pass through)
- You can make additional voluntary tax-deductible contributions into your HSA, up to an allowable amount determined by IRS rules. Your HSA dollars earn tax-free interest.
- When you need preventive care, your plan will provide it without cost to you, when you use participating plan providers
- When you need non-preventive health care, you pay the full cost of that care with funds from your HSA or out-of-pocket, up to your plan's high deductible. Health plans negotiate discounts with providers who participate in their health plan network. It is a good idea to obtain your Explanation of Benefits (EoB) to obtain your cost share before paying your provider.
- If you reach the catastrophic limit, your HDHP will provide needed care with no charge to you (assuming you use in-network providers). *It is important to remember once the catastrophic maximum is met, you will* ***not*** *incur additional out-of-pocket medical expenses for in-network care, including doctor visit co-payments and prescriptions which are excluded from some traditional plan's catastrophic limits.*

Other Key Features:

- Distributions from your HSA are tax-free for qualified medical expenses for you, your spouse and your dependents, even if they are not covered by an HDHP.
- You may withdraw money from your HSA for items other than qualified medical expenses, but it will be subject to income tax and, if you are under 65 years old, an additional 20% penalty tax on the amount withdrawn. *After age 65*, you won't pay the penalty, but the distribution will still be subject to income tax.
- You may allow the contributions in your HSA to grow over time, like a savings account. The HSA is portable – you may take the HSA with you if you leave the Federal government or switch to another plan.

HEALTH REIMBURSEMENT ARRANGEMENTS

An HRA is an employer-funded tax-sheltered account to reimburse allowable medical expenses. HDHP members who do are not eligible for an HSA, will be provided an HRA. There is no additional paperwork needed for enrollment into the HRA

Features of an HRA:

- Tax-free withdrawals for qualified medical expenses

- Carryover of unused credits, without limit, from year to year
- Your HRA is administered by the health plan

How does an HDHP with an HRA work?

- You enroll in an HDHP under the FEHB Program
- Your plan establishes an HRA for you (each HDHP has more information on how this step works)
- Your plan will credit a portion of the health plan premium to your account at the beginning of each calendar year. Note: The amount for either a Self Only enrollment or a Self and Family enrollment will be the same as the amounts that will be deposited in HSAs in the same plan
- When you need preventive care, your plan will provide it without cost to you, subject to any limits outlined in the plan's brochure
- When you need non-preventive health care, you can use funds in your account to help pay your health plan deductible. You also can use the account to pay Medicare premiums.
- If you reach the catastrophic limit, your HDHP will provide needed care with no charge to you (assuming you use in-network providers)

Differences between an HRA and an HSA

- An HRA does not earn interest
- An HRA is not portable--Credits in an HRA are forfeited if you switch health plans, or if you leave federal employment (other than to retire, as long as you stay enrolled in the same health plan)–
- You cannot make additional contributions to an HRA

For more information, please visit our website www.opm.gov/healthcare-insurance/healthcare/health-savings-accounts/. For more information about a specific plan, please reference their brochure for the full statement of benefits.