

Yellow with Choice Fund and Orange Plan Overview

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SLIDE 1: My name is Chris Glenn, and I am a Group Relations Specialist at SCHOOLCARE. This presentation compares two SCHOOLCARE consumer driven plan options to assist individuals in selecting the plan that best meets you and your family's medical coverage.

SLIDE 2: Let's begin with a review of some key features. First and foremost, all SCHOOLCARE plans provide the same quality health benefits and coverage. In addition, all plans utilize Cigna's National Open Access network which is available nationwide. This network enables individuals to go to any in-network providers without needing referrals. The ***Good For You!*** Well-Being Program is an integral component of the SCHOOLCARE plan. Both subscribers and covered spouses can each earn up to \$600 every plan year. The comprehensive coverage and benefits also include acupuncture, naturopathic physicians and behavioral health. To help manage your benefits and costs Cigna has a website and mobile app that make it easy to view coverage, account balances, claims, and even more!

SLIDE 3: The two plans we are comparing are the Yellow Plan with Choice Fund and the Orange Plan. Now we will examine highlights of the plans. First, all preventive care and certain generic drugs are covered at no cost to the covered individual. All other covered medical services and prescription drugs apply first to the deductible, then coinsurance up to the out-of-pocket maximum. The Yellow Plan comes with an embedded Choice Fund, also referred to as HRA or Health Reimbursement Account to cover the first portion of the deductible. The subscriber is required to annually complete a health assessment at myCigna.com to activate the Choice Fund. The Orange Plan can be paired with an HSA or Health Savings Account to cover out-of-pocket expenses.

SLIDE 4: Before we dive into coverage details, let's review frequently used terms that apply to the cost of medical services provided under the plans. The first term is deductible. A deductible is the first portion of coverage paid by the individual before the plan starts to pay. The next term is coinsurance. This is where the plan pays a percentage of the cost, and the covered individual pays another percentage until reaching an out-of-pocket maximum. The out-of-pocket maximum is the sum of the deductible amount and the coinsurance amount, which is the most that you would pay out of your own pocket in any given plan year.

SLIDE 5: Let's apply the terminology from the last slide to compare the SCHOOLCARE Yellow with Choice Fund and the Orange plans.

The Yellow Plan offers individuals the option of completing an annual health assessment to active the Choice Fund also referred to as HRA. The Choice Fund provides \$1,000 for individual coverage or \$2,000 for family or two-person coverage. The Orange Plan does not include a Choice Fund, unless an individual has a Choice Fund balance immediately before switching to the Orange Plan. The Choice Fund is used to pay the first portion of the deductible and therefore reduces the out-of-pocket costs for an individual.

The deductible on the Yellow Plan is \$1,250 for individual coverage and \$2,500 for family coverage. It is \$2,000 for individuals and \$4,000 for families under the Orange Plan. After meeting the deductible,

the coinsurance is 20% of medical charges and 10% for prescriptions. Keep in mind that the \$75 cap on prescriptions is only applicable after the deductible has been met.

The out-of-pocket maximum under the Yellow Plan is \$2,000 for individual coverage and \$4000 for family. For Orange it is \$4,000 individual, \$8,000 for families. The out-of-pocket costs are provided to illustrate the positive impact of applying the Choice Fund/HRA to reduce an individual's cost for services.

The monthly cost for the Yellow with Choice Fund Plan is higher compared to the Orange Plan, so less would be coming out of your paycheck for the Orange Plan.

Both plans have savings tools available to offset costs throughout the year. The Yellow with Choice Fund Plan can be paired with a Flexible Spending Account also known as an FSA. The Orange Plan can be paired with a Health Savings Account or HSA. Individuals should speak with their employer regarding availability of either an FSA or HSA, annual election, and other details.

SLIDE 6: Here is a visual of the coverage side-by-side. Preventive care and certain preventive generic drugs are covered at no cost. All other covered services accumulate towards the deductible, then medical services have a 20% coinsurance and prescription drugs a 10% coinsurance up to the out-of-pocket maximum. Covered services include office visits, emergency room and urgent care, labs and x-rays, advanced radiology, hospitalization, rehabilitation therapies, chiropractic, acupuncture, durable medical equipment, external prosthetic appliances, and prescription. Please note the visit limits as shown on the slide.

SLIDE 7: So, let's illustrate how this works for an individual. These cylinder diagrams should be read from the bottom up, like filling a glass.

The Yellow with Choice Fund Plan deductible is \$1,250. By completing the health assessment at myCigna.com it activates the Choice Fund, also known as an HRA, of \$1,000. That's going to pay first toward any deductible expenses whether it's an office visit or a trip to the pharmacy for a prescription. Once the \$1,000 Choice Fund has been used, the individual is responsible for \$250 in deductible expenses. When \$1,250 has been met, you've reached the deductible and now coinsurance starts. You will only pay 20% of medical claims, and 10% for of the cost of a prescription, with the \$75 cap on prescriptions until a total expenditure of \$2,000 has been reached. The first \$1,000 has been paid by the Choice Fund and the second \$1,000 has been paid by the individual. From that point on all covered services, medical and pharmacy, will be paid 100% for the remainder of the plan year.

Under the Orange Plan, an individual starts off with a \$2,000 deductible for their medical and prescription expenses. Once they have spent \$2,000 on covered expenses, then they start to incur coinsurance. Coinsurance is 20% of medical services and 10% of the cost of a prescription, with the \$75 cap. Once the individual has spent a total of \$4,000, they've met their out-of-pocket maximum and all covered services, medical and pharmacy, will be paid 100% for the remainder of that plan year.

SLIDE 8: Now let's look at the illustration for a family plan (including 2-person plans).

The Yellow with Choice Fund Plan for family coverage has a \$2,500 deductible. The subscriber completes the annual health assessment at myCigna.com to activate the \$2,000 Choice fund. That \$2,000 will pay the first portion of deductible expenses for any member of the family. Once the \$2,000 fund has been used, then the family will incur \$500 of deductible expenses out of their own pocket to reach the \$2,500 deductible. At that point coinsurance starts. You will pay 20% of medical charges and 10% of the cost of prescriptions with the cap of \$75 until the family's total expenditure reaches \$4,000. The first \$2,000 has been paid by the Choice Fund or HRA and the second \$2,000 paid by the family members. From that point on all covered services, medical and pharmacy, will be paid 100% for the remainder of the plan year.

Under the Orange plan the family's deductible is \$4,000, so again their medical services and prescription costs would apply to the first \$4,000 of deductible expenses. Once the deductible has been met, then coinsurance starts. Coinsurance is 20% of the medical services and 10% of prescriptions until reaching a total expenditure of \$8,000. Once they have met their out-of-pocket maximum then, all covered services for the family, both medical and pharmacy, will be paid 100% for the remainder of the plan year.

SLIDE 9: There are some important considerations to review if you choose the Orange Plan. The Orange Plan is considered a High Deductible Health Plan by the IRS, which allows you to enroll into an HSA, or Health Savings Account, but also means there are several IRS rules to be followed.

If you were in the Yellow Plan immediately before enrolling in the Orange Plan and have a balance in your Choice Fund or HRA, that money will be rolled over to the new plan year and must be used first before HSA dollars can be used.

There are several items relating to Health Flexible Spending Accounts and HSAs as they are not permitted to be offered together. If you and/or your covered spouse are enrolled in a Health FSA and have funds remaining due to a grace period or rollover, you CANNOT enroll in an HSA plan. However, if your employer offers a Limited Purpose FSA, which is used only for dental and vision expenses, then you can enroll into the Limited Purpose FSA.

SLIDE 10: Additional considerations for the Orange Plan for participation and contribution to a Health Savings Account or HSA.

For 2023 the HSA maximum annual contribution for individual coverage is \$3,850 and for family, it is \$7,750. Individuals over the age of 55 can contribute an additional \$1,000 annually. Please note, however, that if you switch from an FSA to an HSA in the middle of a plan year, you would be limited to half of the annual contributions. Also, HSA funds are not available until they are deposited into the account. An HSA works differently in that you do not need to spend down the balance each year like you do with an FSA. The HSA money remains in the account until it is used for applicable expenses. It rolls over year over year and is portable, so you can keep the account upon termination or into retirement and use the funds to pay for medical expenses or even Medicare premiums.

There are a few HSA exclusions. First, you cannot be enrolled in Medicare while contributing to an HSA. Second, you cannot qualify as a dependent on someone else's tax return. And lastly, you cannot be

covered by another health plan that is not an HSA-qualified High Deductible Health Plan.

To learn more about the availability of HSA or FSA options in your employer group, see HR or your Benefit Representative. These plans are typically offered through Voya, formerly known as Benefit Strategies.

This concludes the SCHOOLCARE comparison between the Yellow with Choice Fund and the Orange Plan. Should you have any questions, please feel free to reach out to the SCHOOLCARE office at 603-836-5031. Thank you for your time and attention.