

# QUESTIONS AND ANSWERS

## KAISER PERMANENTE HSA-QUALIFIED DEDUCTIBLE HMO PLAN

A different kind of plan. A different way to pay for care. Set up a tax-free health savings account (HSA)<sup>1</sup> to help pay for your qualified medical expenses.<sup>2</sup>

### Understanding your plan

#### ► What is the HSA-Qualified Deductible HMO Plan?

This plan, like all of our Kaiser Permanente plans, gives you access to high-quality care and resources to help you be your best. Plus, it offers flexibility in how you spend your dollars on qualified medical expenses.

As with our other deductible plans, you have to reach a deductible before most services are covered at a copay or coinsurance. But you'll have little or no out-of-pocket costs for most preventive care services even before you reach your deductible. Such services range from booster shots to routine physical exams.

With this plan, you can set up a tax-free health savings account (HSA)<sup>1</sup> that you can access anytime to pay for qualified medical expenses,<sup>2</sup> including payments toward your deductible. Here are some key facts about the HSA-Qualified Deductible HMO Plan:

- It's designed to be used with a tax-advantaged account called a health savings account.
- You can make a tax-free contribution into an HSA, which you can use to pay for qualified medical expenses, now or in the future.
- You can grow the account and take it with you—even if you change jobs or retire.
- You can use the funds in your HSA to pay for copays, coinsurance, and deductible payments.

#### ► How do deductible plans work?

With a deductible plan, you get all the quality care and resources people expect from Kaiser Permanente. The main difference about these plans is how you pay for care.

- You'll need to pay the full charges for many services until you reach a set amount known as your deductible.
- After you reach your deductible, you'll pay just a copay or coinsurance for most services covered by your plan for the rest of the calendar year.
- Most preventive care services are covered at little or no out-of-pocket cost to you—even before you reach your deductible.
- Your deductible will reset to zero on January 1 of each year.

Your plan also features an out-of-pocket maximum that limits how much you'll pay in a calendar year for all services covered by your plan. This can help protect you if you ever have a serious illness or injury.

- The money you spend on all covered services counts toward your out-of-pocket maximum.
- Copays and coinsurance don't count toward your deductible, but they do help you reach your out-of-pocket maximum.
- After you reach your out-of-pocket maximum, we'll pay for all covered services for the rest of the calendar year.
- For more information, visit [kp.org/deductibleplans](https://kp.org/deductibleplans).

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### ► Are preventive care services subject to the deductible?

No. Most preventive care services are covered at little or no cost to you, even before you reach your deductible.

### ► What is preventive care?

Preventive care can help you avoid illness and protect your health. That's why Kaiser Permanente offers many preventive care services at little or no cost to you, including:

- routine physical exams
- well-child visits
- scheduled prenatal care
- hearing tests
- immunizations
- routine well-woman visits, including mammograms, pelvic exams, clinical breast exams, and Pap tests
- diabetes screenings
- prostate cancer screenings, including prostate-specific antigen (PSA) tests
- cholesterol screenings
- colonoscopy screenings

For a complete list of preventive care services, visit [kp.org/deductibleplans](http://kp.org/deductibleplans) and see our **Understanding Preventive Care Services** flier.

### ► I received a preventive care service and was mailed a bill for more than I expected. Why?

There may be times that you come in for preventive care and need non-preventive care services too. For example, during a routine physical exam your doctor might find a mole that needs to be removed for testing. Because the removal and testing of the mole are non-preventive care services, they may require

additional payments. The extra costs would appear on your bill later.

### ► How is an HSA-qualified deductible HMO plan different from a traditional HMO plan?

- You pay the full charges for most covered services, including prescriptions, until you reach your deductible.
- After you reach your deductible, most services are covered at a copay or coinsurance.
- A payment for most scheduled services is due when you check in for your visit. This payment may be only part of the full cost of services you actually receive. If so, you'll be billed for the difference later.

### ► How do my deductible and out-of-pocket maximum work?

All HSA-qualified deductible HMO plans have a deductible and an out-of-pocket maximum.

For an individual plan, the individual calendar-year deductible must be met first. That means you need to reach your deductible *before* you can begin paying copays or coinsurance for covered services (except for preventive care).

All copays, coinsurance, and deductible payments count toward the out-of-pocket maximum. For an individual plan, once you reach the individual out-of-pocket maximum, Kaiser Permanente will pay for 100 percent of all covered services for the rest of the calendar year.

For family coverage (two or more members), there are two ways your deductible and out-of-pocket maximum may work.

- All family plans have a family deductible and a family out-of-pocket maximum. Some

# QUESTIONS AND ANSWERS (CONTINUED)

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plans only have these family deductible and out-of-pocket maximum amounts. With this type of plan, a family will reach its family deductible or out-of-pocket maximum once the payments for covered services—either for an individual family member or for the family as a whole—equal these amounts.

Once the family deductible is met, then all family members covered under the plan will start paying copays or coinsurance for most covered services until the family reaches its family out-of-pocket maximum. After the family out-of-pocket maximum is met, Kaiser Permanente will pay for 100 percent of all covered services for everyone in your family for the rest of the calendar year.

- In addition to the family deductible and family out-of-pocket maximum, some family plans have individual deductibles and individual out-of-pocket maximums. For plans with these individual amounts, any covered family member who reaches his or her individual deductible will start paying copays or coinsurance for most covered services for the rest of the year. All other family members will keep paying the full charges for most services until they reach their individual deductible or until the family deductible is met.

For any family member who reaches his or her individual out-of-pocket maximum, Kaiser Permanente will pay 100 percent of all covered services for the rest of the calendar year. All other family members will keep paying copays or coinsurance until they reach their individual out-of-pocket maximum or until the family out-of-pocket maximum is met.

If you're not sure which type of deductible and out-of-pocket maximum you have, check your *Evidence of Coverage* or call the number on the front of your Kaiser Permanente ID card.

### ► Do copays, coinsurance, and deductible payments contribute to my out-of-pocket maximum?

Yes. Payments for all covered services count toward your annual out-of-pocket maximum.

For example, let's say you have a deductible of \$1,500 and an out-of-pocket maximum of \$3,000. After you've reached your \$1,500 deductible, all of your copays and coinsurance count toward your out-of-pocket maximum.

**Out-of-pocket maximum:** \$3,000

**Deductible:** \$1,500

**Difference:** \$1,500 (Copays or coinsurance will need to be paid to reach the remaining amount to satisfy your out-of-pocket maximum.)

	Will the dollars apply toward my deductible?	Will the dollars apply toward my out-of-pocket maximum?
Most preventive services	NO	YES
All other services	YES	YES
Prescription drugs	YES	YES

With HSA-qualified plans, medical and pharmacy services have one combined deductible.

# QUESTIONS AND ANSWERS (CONTINUED)

## KAISER PERMANENTE HSA-QUALIFIED DEDUCTIBLE HMO PLAN

### ► What medical services count toward my deductible and out-of-pocket maximum?

Payments for all covered services count toward your deductible and out-of-pocket maximum, including:

- doctor's office visits (for both primary and specialty care)
- hospitalization
- inpatient/outpatient surgery
- emergency services
- ambulance services
- urgent care
- X-ray, MRI, CT scan, lab tests
- prescription drugs

For more information about your benefits, please refer to your *Evidence of Coverage*.

### ► Can I see a Kaiser Permanente physician with this plan?

Yes. You can see Kaiser Permanente doctors and affiliated providers.

## Health savings account (HSA) basics

### ► What is an HSA?

An HSA is a savings account that works with an HSA-qualified deductible HMO plan. You can use tax-free<sup>1</sup> dollars to pay for qualified medical expenses.<sup>2</sup>

### ► What can I use my HSA funds for?

You can use the funds in your HSA to pay for copays, coinsurance, deductible payments, and other qualified medical expenses under your health plan. This applies to you and your dependents. Examples include:

- emergency services
- hospital visits
- prescription drugs
- primary and specialty care visits
- X-rays and lab tests

## How do I use my HSA to pay for qualified medical expenses?

There are several ways to pay for your qualified medical expenses with your HSA:

### Debit card

Use your HSA debit card, if you have one, either

- when you get care, or
- by writing your card number on your bill and sending it in.

### Reimbursement

Pay out of pocket using your own money, and get reimbursed by submitting a distribution request to your HSA administrator.

### Combination

If you don't have enough money in your HSA to cover the full charges, you can use the remaining money available in your account and pay the difference with another form of payment.

# QUESTIONS AND ANSWERS (CONTINUED)

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You can even use your HSA funds to pay for qualified medical expenses not covered by your health plan. But those expenses will not contribute toward your health plan deductible or your out-of-pocket maximum.

For more information about your benefits, refer to your *Evidence of Coverage*.

### ► Who is eligible for an HSA?

To be eligible for an HSA, you need to meet the following requirements:

- You must be enrolled in an HSA-qualified deductible health plan.
- You can't be enrolled in Medicare.
- You can't be eligible to be claimed as a dependent on someone else's tax return.
- You can't have additional health coverage that is not an HSA-qualified deductible plan. (There are certain exceptions, including specific injury insurance or coverage for accidents, disability, dental care, vision care, or long-term care.)
- You can't have received benefits from the Department of Veterans Affairs in the past three months.

You may want to consult with a financial adviser for more information about HSA eligibility.

### ► Who can contribute to an HSA?

You, your family members, your employer, and anyone else can contribute to your HSA. The same annual limits on the contributions made to your account apply no matter who makes the contributions.

### ► How much can I contribute?

For 2014, annual contributions to an HSA are capped at \$3,300 for individuals and \$6,550 for families. These maximums may be changed for inflation each year. You may contribute to your account until your tax filing due date, which is April 15 of the following tax year for most people.

### ► When can I start accessing my HSA funds?

You can use your HSA funds once you've opened and have contributed funds to the account.

### ► When should I submit HSA distribution requests?

You can submit HSA distribution requests for out-of-pocket expenses anytime to your HSA administrator, as long as the expenses were incurred on or after the date you opened the HSA.

If you have more questions, please contact your HSA administrator.

### ► What if I leave my current employer or retire and still have money in my HSA?

The money in your HSA belongs to you. If you leave your company, you can take your HSA with you.

### ► What if there's money left in my account at the end of the year?

Any money left in your HSA at the end of the year will roll over to the next year for you to use.

# QUESTIONS AND ANSWERS (CONTINUED)

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### ▶ What if I use all the money in my HSA before the end of the year?

If you use all of the money in your HSA and have already contributed the maximum amount permitted for the year, you will have to pay with your own money for any other health care expenses until the end of the year.

### ▶ Can I put more money into my HSA than the amount of my health plan deductible?

The maximum amount you can contribute to your HSA is set annually by the federal government and is unrelated to your deductible amount.

### ▶ If my coverage starts in the middle of the calendar year, how much can I contribute to my HSA?

If you start your health plan in the middle of the year, you may still contribute up to the maximum dollar amount set by the federal government for that year.

Here are important timeframes for you to keep in mind when contributing to your HSA:

- You must be enrolled in an HSA-qualified deductible plan at least for the full month of December in the year for which you wish to contribute to your HSA.
- You must also remain enrolled for the full calendar year following your midyear enrollment. If you don't remain enrolled for the full period, a portion of the maximum contribution you made for the year will be included in your taxable income for the year and will be subject to tax and penalties.

### ▶ Can I make my entire HSA contribution at the beginning of the year?

Yes, you can contribute as much as you'd like to your HSA at the beginning of the year as long as you don't go over your annual limit. If your eligibility status changes during the year, you might have to correct the amount you already contributed. For example, if you change from family to individual coverage during the year, you might have contributed too much.

### ▶ Can I make catch-up contributions if I am 55 or older?

Yes. You can make an additional contribution of \$1,000 in 2014.

For more information about HSAs, go to [treasury.gov/offices/public-affairs/hsa](http://treasury.gov/offices/public-affairs/hsa).

## How an HSA-qualified deductible HMO plan will work for you \_\_\_\_\_

### ▶ What are the advantages of the HSA-qualified plan?

- You can contribute tax-free dollars into your HSA.
- You can grow the account and use the funds for qualified medical expenses later in life—including after you retire.

### ▶ How do I get started?

There are two ways to set up your HSA:

1. Your employer offers you an HSA with a specific administrator. Follow the instructions provided by your employer for opening your HSA.
2. You choose your own financial institution for your HSA. Follow the instructions provided by the financial institution you've chosen.

# QUESTIONS AND ANSWERS (CONTINUED)

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### Paying for care

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#### ► What can I expect to pay for a visit?

To get an idea of how much you can expect to pay when you check in, you can:

- Use our Estimates tool at [kp.org/memberestimates](https://kp.org/memberestimates) to get a personalized cost estimate.
- Call us at **1-800-390-3507**, weekdays from 7 a.m. to 5 p.m. Pacific time.

When you visit a Kaiser Permanente facility for care, you'll need to make a payment for most scheduled services when you check in. Your payment at check-in may be only part of the full cost of the services you receive. If so, you'll be billed for the difference later.

Consult your *Evidence of Coverage* or call the number on your Kaiser Permanente ID card for more information.

### Accessing care

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#### ► Where can I get care?

Kaiser Permanente has more than 8,000 physicians in California. We have more than 160 medical facilities in our Northern California and Southern California regions to serve you. Most offer many services in one location, which can help you save time, and many services are available on evenings and weekends.

#### ► If I'm away from my home area and have an emergency,<sup>3</sup> will this be covered?

Yes. We cover emergency care from providers anywhere in the world, whether or not they're part of your plan. Please see your *Evidence of Coverage* for more information.

#### ► If I have questions about my deductible or health plan, is there somebody I can talk to?

Please call our Member Service Contact Center at **1-800-464-4000**, 24 hours a day, 7 days a week (closed holidays). For TTY for the deaf, hard of hearing, or speech impaired, call **1-800-777-1370**. One of our representatives will be happy to help you.

# QUESTIONS AND ANSWERS (CONTINUED)

## KAISER PERMANENTE HSA-QUALIFIED DEDUCTIBLE HMO PLAN

### COMMON TERMS

#### Coinsurance

A percentage of charges you'll pay for certain services covered by your plan. For example, if you have a 20 percent coinsurance on a \$200 procedure, you'll pay \$40 for that procedure.

#### Copayment (copay)

A set dollar amount you'll pay for certain services covered by your plan. For example, if you have a \$10 office visit copay, you'll pay \$10 for each office visit.

#### Deductible

The set amount you'll need to reach each calendar year before you start paying copays or coinsurance for most services covered by your plan. You'll pay the full charges for most services until you reach your deductible.

#### Out-of-pocket maximum

The maximum amount you'll pay in a calendar year for all services covered by your plan. After you reach this amount, you'll receive all covered services at no charge for the rest of the calendar year.

#### Preventive care services

Preventive care services are types of routine care intended to help keep you healthy. A service is considered preventive if you have no symptoms indicating that you're in need of diagnostic services or treatment. Our deductible plans cover most preventive care services at little or no cost to you.

#### Qualified medical expense

An expense that meets the definition of a qualified medical expense under Internal Revenue Code Section 213(d)<sup>2</sup> and that may be reimbursed with funds from an HSA.

<sup>1</sup>The tax references in this document relate to federal income tax only. Consult with your financial or tax adviser for information about state income tax laws. Federal and state tax laws and regulations are subject to change. If tax, investment, or legal advice is required, seek the services of a qualified professional.

<sup>2</sup>To view the list of qualified medical expenses defined under Internal Revenue Code Section 213(d), download IRS Publication 502, Medical and Dental Expenses, at [www.irs.gov/publications](http://www.irs.gov/publications). As an HSA holder, you'll ultimately be responsible for determining whether an expense is a qualified medical expense under the tax laws.

<sup>3</sup>If you reasonably believe you have an emergency medical condition, which is a medical or psychiatric condition that requires immediate medical attention to prevent serious jeopardy to your health, call **911** or go to the nearest Emergency Department. For the complete definition of an emergency medical condition, please refer to your *Evidence of Coverage*.

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