

QUICK FACTS

High Deductible Health Plans (HDHPs) & Health Savings Accounts (HSAs)

A High Deductible Health Plan (HDHP) is a health plan that combines a Health Savings Account (HSA) with traditional medical coverage. It provides insurance coverage and a tax-advantaged way to help save for future medical expenses. The HDHP/HSA gives you greater flexibility and discretion over how you use your health care dollars.

HDHPs have higher annual deductibles and out-of-pocket maximum limits. With an HDHP, the annual deductible must be met before medical and prescription claims are paid for services other than preventive care services. Preventive care services are covered at 100 percent and certain preventive medications are available at copay/coinsurance rates based on drug tier without meeting the deductible. For more information, see the [preventive health guidelines](#) and [preventive drug](#) lists available on [myjobbenefits.com](#).

If you are only covering yourself under the plan, you will need to meet the individual deductible before the coinsurance pays. If you are covering more than one person, the family deductible would need to be met before the coinsurance pays. These same rules also apply to the out-of-pocket maximums.

HDHPs 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 percent of the allowable amount for the remainder of the calendar year. By law, to be eligible for an HSA, you must enroll in a HDHP.

Who is eligible for a HSA?

Employees who enroll in the Health Savings Plan (HDHP) and meet listed eligibility criteria:

- Are covered by an HSA-qualified high-deductible health plan (HDHP) on the first day of a given month.
- Are not covered by another health insurance plan that is not a qualified HDHP.
- Are not currently enrolled in Medicare or Tricare.
- Are not eligible to be claimed as a dependent on someone else's tax return.
- Do not have a health care flexible spending account (FSA) or health reimbursement account (HRA). Alternative plan designs, such as a limited-purpose FSA or HRA, might be permitted.

How does the HDHP with a HSA work?

- You enroll in the Health Savings Account plan.
- Your plan establishes a health savings account with Fidelity.
- You can choose a weekly contribution amount to be funded to your HSA via payroll deduction. The IRS updates the annual limits each year, both your and the company's contribution count towards the limit.
- Kiewit will contribute money into your HSA on a weekly basis.
- You can make additional tax-deductible contributions into your HSA, up to the amount allowed annually by the IRS. Your HSA dollars earn tax-free interest.
- If you are 55 or older, you can contribute an additional \$1,000 into your HSA.

Other Key Features

- You may withdraw money from your HSA for items other than qualified health care expenses, but it will be subject to income tax and, if you are under 65 years old, an additional 20 percent penalty tax on the amount withdrawn.
- You decide how much money to set aside for health care costs; you can change your weekly contribution at

Other Key Features cont.

- After you turn 65, you can withdraw funds from your HSA for any reason without penalty and are only subject to ordinary income tax. However you may avoid any tax by continuing to use the funds for qualified health care expenses, Medicare premiums and COBRA premiums.
- 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 Kiewit or switch to an ineligible plan.
- Transfer existing HSA balances to your new HSA by calling Fidelity and requesting a HSA Rollover/ Transfer Request form.
- The HSA has triple tax benefits.
 - Money deposited is free from federal income tax.
 - Savings grows tax-free.
 - Withdrawals made for qualified expenses are also income tax free.

You will also be eligible to invest your HSA money with no minimum balance.

- When you set up an HSA, it is important that you also select a beneficiary. This will ensure that your HSA money is immediately available to your beneficiary upon your death.
- Every time you use your HSA, save your receipt in case the IRS asks you to prove that your claim was for a qualified expense. If you use HSA funds for a nonqualified expense, you'll pay tax and penalty on the ineligible amount.
- Once the HSA is open, Fidelity will send you a welcome kit with your account number, account disclosures and your debit card.

Distribution Process

- Distributions from your HSA are tax-free for qualified medical expenses for you, your spouse and your eligible dependents (see below for eligible dependents), even if they are not covered by an HDHP.
 - While the Patient Protection and Affordable Care Act of 2010 (PPACA) allows parents to add their dependent children (up to age 26) to their health plans, the IRS has not changed its definition of a dependent for health savings accounts. This means that a person could have their 25-year-old child covered on their HSA -qualified, high-deductible health plan, but not be eligible to use their HSA funds to pay for medical bills. Reimbursements issued in violation of this rule will be taxed and could be subject to the 20 percent penalty for an early withdrawal.
 - For all HSA plans, the IRS definition of a dependent is used when determining whether a dependent qualifies and how benefits are administered for dependents. The account holder must be able to “claim” the child/relative as a dependent on their tax return, and if they cannot, they are not allowed to spend HSA dollars on services provided to that child/relative. The IRS defines a qualifying child dependent as follows:
 - * Daughter, son, stepchild, sibling or stepsibling (or any descendant of these)
 - * Has same address for more than half of taxable year
 - * AND not yet age 19 (not yet age 24, if student) OR permanently and totally disabled.
- You can use your debit card to pay at the pharmacy or the provider's office. Remember the funds need to be in the account in order to pay for the cost and you cannot use your HSA to reimburse yourself for expenses you had prior to establishing your account.
- You can view your account, see transactions, check monthly statements, manage investment activity if qualified and pay your bills with your HSA by going on line at www.netbenefits.com.
- If you pay expenses out of pocket, you can go online or withdraw the money with your debit card to get reimbursed.

You can find this information and more regarding the plans offered at www.myjobbenefits.com. The password for staff is *kiewithealthy*.