

Open Enrollment Form

High Deductible Health Plan Option for Small Employers

Healthy NY now Offers a High Deductible Health Plan

Healthy NY's newest option combines a high deductible health plan (HDHP) with a health savings account (HSA). This offers several benefits to small businesses. Because the plan carries a high deductible, the premium is lower. Also, if you decide to contribute to your employees' HSAs, then your contribution is not taxed to you or your employees.

How the High Deductible Health Plan Works

With an HDHP, employees pay for most health care expenses up to a certain amount before the insurance policy begins to cover them. The standard deductible is \$1,150 for individuals and \$2,300 for families (more than one person). Check with your health plan to see if other deductible amounts are available.

Employees can access preventive services for cervical cytology screening, mammography screening, prostate cancer screening, periodic adult physical examinations, adult immunizations, routine prenatal care and well-child visits without having met the deductible. However, there is a co-payment for these services, and co-payments do not apply towards the deductible.

With a family plan, any family member or combination of family members included in the health plan must meet the entire family deductible in order for coverage to begin.

Once you meet the deductible, you are still responsible for co-payments, including \$500 for inpatient hospitalization. Only benefits included in the Healthy NY benefit package count towards the deductible. Out-of-pocket expenses are capped at \$5,250 for individuals and \$10,500 for families. This includes deductibles and co-payments.

How the Health Savings Account Works

An HSA is a savings account used to pay for qualified medical expenses, including deductibles and co-payments. Money in the account can earn interest tax-free.

Employees can contribute up to the deductible amount into the account each year, in one lump sum or at any frequency that is convenient for them. However, the amount that you can contribute to the HSA is prorated if coverage begins after January 1. Employee contributions can be on an after-tax basis, making contributions tax-deductible, or pre-tax, through a Section 125 ("cafeteria") plan.

Although not mandatory, your business can contribute to your employees' HSAs and any account fees. Contributions are excluded from employees' income for tax purposes. Employees own the business' contribution to their accounts as soon as the funds are deposited.

Visit the HSA Insider at www.HSAInsider.com or the U.S. Department of the Treasury at www.treas.gov for more information on HSAs.

Remember that with an HDHP, employees are responsible for paying most expenses out-of-pocket before the policy begins to cover them. If you purchase an HDHP plan for your small business, then you must certify that your participating employees intend to open HSAs. You may offer only one plan to your business. The plan that you choose will apply to all covered employees. Thus, you should ensure that an HDHP suits the needs of your employees. For more information, visit the Healthy NY web site at www.HealthyNY.com.

To choose the HDHP for your business, **send this completed form to your health insurance plan. If you do not want the high deductible option, then do not return this form.**

Print name of officer completing application

Name of business

Signature

Date