



AMERICAN UNIVERSITY
WASHINGTON, DC

2025 Benefits Enhancements Information Sessions

High Deductible Health Plan (HDHP) with Health Savings Account (HSA)

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- Equity
- Modernization
- Sustainability





High Deductible Health Plan (HDHP)



High Deductible Health Plan (HDHP)

- Lower cost medical plan option
- Higher deductibles than a PPO plan
- Preventive care services are covered at 100%
- Offered in combination with a Health Savings Account (HSA)



High Deductible Health Plan (HDHP)

	High Deductible Health Plan Design	
	In-Network	Out-of-Network
Deductible (individual / family)	\$3,000 / \$6,000	\$6,000 / \$12,000
Out-of-pocket maximum (individual / family)	\$7,000 / \$14,000	\$12,000 / \$24,000
Coinsurance	20%	40%
AU HSA contributions (individual / family)	\$500 / \$1,000	



High Deductible Health Plan (HDHP)*

Tier	Retail – 30 days	Retail – 90 Days/Mail Order	Specialty (30-day max supply/Rx)
Generic	\$10	\$25	Same as Retail – 30-day
Formulary Brand	30% (min \$25 – max \$70)	30% (min \$65 – max \$175)	
Non-Formulary Brand	50% (min \$70 – max \$150)	50% (min \$175 – max \$375)	

*Copays and coinsurance apply after deductibles have been met.



Health Savings Account (HSA)

Presented by CareFirst

HSA Your Way

Spend, save and invest in your
healthcare



Which of the following is NOT true about a Health Savings Account (HSA)?

- A. HSA funds roll over from year to year
- B. You can invest HSA funds
- C. HSA funds go with you if you leave your employer
- D. HSA funds are use it or lose it



HSA funds are NOT use it or lose it.

Investments are subject to risk, including the possible loss of the principal invested, and are not FDIC or NCUA insured, or guaranteed by HealthEquity, Inc. Investing through the HealthEquity investment platform is subject to the terms and conditions of the Health Savings Account Custodial Agreement and any applicable investment supplement. Investing may not be suitable for everyone and before making any investments, review the fund's prospectus.

YOUR HEALTH SAVINGS ACCOUNT (HSA)

- Health care spending account you own that works with your HSA-qualified health plan
- Set aside a pre-tax portion of your income
- No taxes on money you deposit or withdraw to pay for eligible health care expenses
- Interest earned on the balance is tax-free
- No “use it or lose it” rule, unused money rolls over to the next year
- The money is yours to keep, even if you change jobs or retire
- Save up to 40% on health care costs depending on your tax bracket¹

¹ Consult a tax advisor for more information

ENROLLING IN YOUR HSA

- Be sure to choose an HSA-qualified health plan
- High deductibles are not the only requirement
- Ensure you're not:
 - A dependent on someone else's taxes
 - Covered by another health plan
 - Enrolled in Medicare



How your HSA works

- You set aside a pre-tax portion of your pay to pay for qualified medical expenses

Maximum contribution limits	2024	2025
Individual	\$4,150	\$4,300
Family	\$8,300	\$8,550

- Catch-up contribution for 55+ is \$1,000/year
- Use your debit card to pay for expenses
- Submit claims for reimbursement for out-of-pocket costs not paid with your debit card



Always save your receipts in case they're needed by the IRS to validate your expenses.

YOU CAN USE YOUR HSA TO PAY FOR:

- ✓ Medical expenses your plan doesn't cover
- ✓ Expenses for you and any tax dependent
- ✓ Out-of-pocket medical expenses until you reach your deductible
 - Copayments, coinsurance and prescription drugs
- ✓ Over the counter supplies, medications, and some feminine hygiene products
- ✓ Health insurance premiums
 - COBRA during a job transition or postemployment
 - Medicare post-65
 - Some Long-Term Care insurance premiums
- ✓ Dental and vision care expenses not covered by your health plan

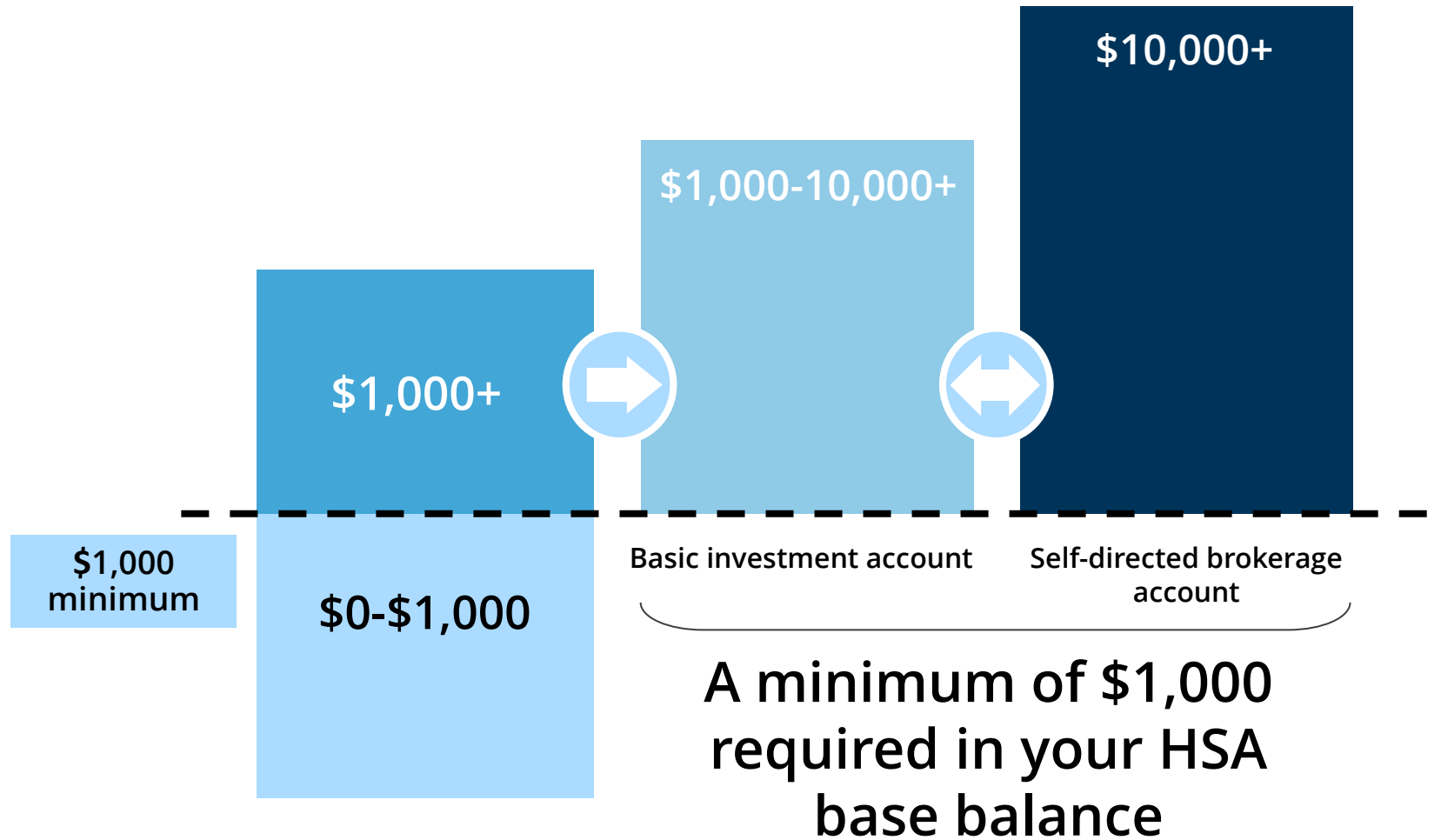
THESE YOU CAN'T PAY FOR:

- ✘ Family or marriage counseling
- ✘ Cosmetic surgery and procedures; teeth whitening
- ✘ Personal items such as toothpaste, lotions, makeup, soaps, or shaving supplies
- ✘ Supplements without a doctor's diagnosis
- ✘ Fitness programs and exercise equipment



Always save your receipts to ensure proper validation of expenses, as required by the IRS.

Consider Investment options





Which taxes will you be required to pay on the money you've contributed to your HSA?

- A. State income tax
- B. Federal income tax
- C. Payroll tax
- D. None of the above



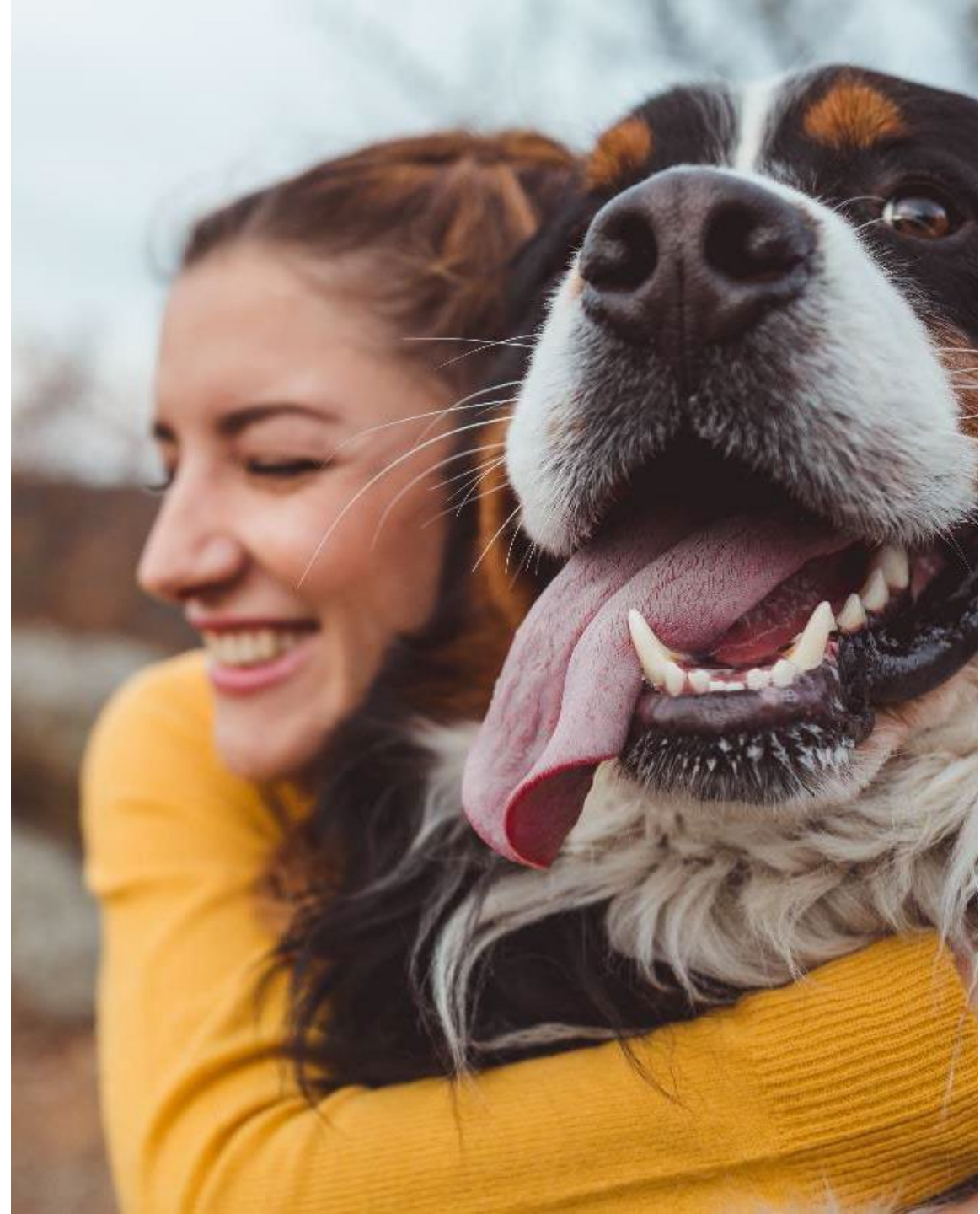
None of the above¹

Because your HSA contributions are tax-deductible, they grow tax-free and can be withdrawn tax-free when used on qualified medical expenses.

¹HSAs are never taxed at a federal income tax level when used appropriately for qualified medical expenses. Also, most states recognize HSA funds as tax-deductible with very few exceptions. Please consult a tax advisor regarding your state's specific rules.

How to use your HSA

- ✓ Maximize tax savings
- ✓ Pay for healthcare
- ✓ Keep your money
- ✓ Save for retirement



How do you connect health and wealth?

- ✓ Smart spender
- ✓ Savvy saver
- ✓ Informed investor¹

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The example used is for illustrative purposes only.



Holly is a smart spender

- ✓ Chooses lower health plan premiums with an HSA-qualified High Deductible Health Plan
- ✓ Plans annual healthcare expenses
- ✓ Asks for generic prescription (Rx) meds
- ✓ Chooses in-network providers



Spending isn't always planned.

But Holly is ready

The example used is for illustrative purposes only.





Visits to the Emergency Room (ER) typically cost how much more than going to an urgent care facility?

- A. 3 times more
- B. 7 times more
- C. 2 times more
- D. 5 times more



ER can cost 5 times more than going
to an urgent care center.

Holly is a smart saver

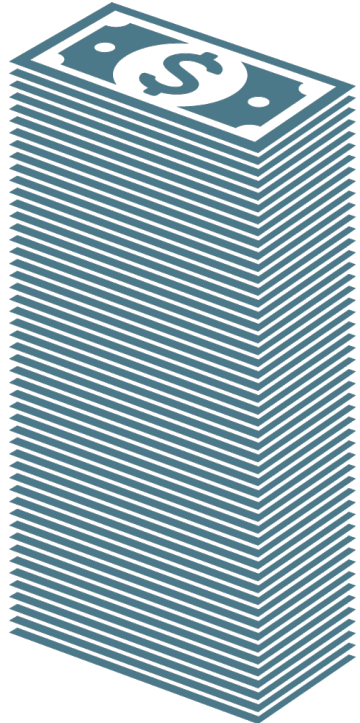
- ✓ Makes tax-deductible contributions
- ✓ Contributes the maximum each year



The example used is for illustrative purposes only. HSAs are never taxed at a federal income tax level when used appropriately for qualified medical expenses. Also, most states recognize HSA funds as tax-deductible with very few exceptions. Please

Let's break it down

2025 example:



**Individual
HSA Contributor**

\$4,300

Max contribution limit

=

\$500

American University contribution

+

\$3,800

Employee contribution



**Family
HSA Contributor**

\$8,550

Max contribution limit

=

\$1,000

American University contribution

+

\$7,550

Employee contribution



Savvy saving leads to smart spending

The example used is for illustrative purposes only.

Holly and Nate are becoming informed investors

- Use HSA as part of their retirement strategy
- Automatic investing with funds allocated over their specific amount being pulled into their HSA investments

The example used is for illustrative purposes only. Investments made available to HSA holders are subject to risk, including the possible loss of the principal invested, and are not FDIC or NCUA insured, or guaranteed by HealthEquity, Inc.





How much money do you think the average American couple will need to cover out-of-pocket healthcare costs in retirement if they were to retire today?

- A. \$125,000
- B. \$315,000
- C. \$270,000
- D. \$460,000

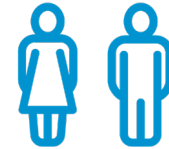


The average couple will need approximately
\$315,000 to cover OOP healthcare costs in
retirement.

*The average American couple will need \$300,000 to have a 90 percent chance of having enough money to cover out-of-pocket healthcare costs in retirement. Based on median prescription drug expenses. Source: Employee Benefit Research Institute 2020 - <https://www.ebri.org/content/a-bit-of-good-news-during-the-pandemic-savings-medicare-beneficiaries-need-for-health-expenses-decrease-in-2020>

MEET THE MARTINEZ FAMILY

Maria and Antonio, her teenage son	
Annual salary	\$68,000
HSA pre-tax contribution	\$5000
Net taxable income	\$63,000
Estimated tax rate ¹	25%



¹ Assumes that Maria pays 25% of her income in federal, state and Social Security taxes. Actual tax savings will depend on your HSA contributions, applicable state tax rates and your personal tax situation. Please consult your tax adviser for details.

The Martinez family's story is a hypothetical example for purposes of illustration only.

THE MARTINEZ FAMILY'S SAVINGS

	Without an HSA	With an HSA
Estimated taxes ¹	\$17,000	\$15,750
Tax savings	\$0	\$1,250
Health care expenses	\$2,450	\$2,450
HSA account	\$0	\$2,450
HSA balance to roll over	\$0	\$2,550



¹ Assumes Maria pays 25% of her income in federal, state and Social Security taxes. Actual tax savings will depend on your HSA contributions, applicable state tax rates and your personal tax situation. Please consult your tax adviser for details.

The Martinez family's story is a hypothetical example for purposes of illustration only.



How will you connect health and
wealth this year?



HSA your way!

BLUEFUND HSA

LET'S GET STARTED

Our expert member services team is ready to help!

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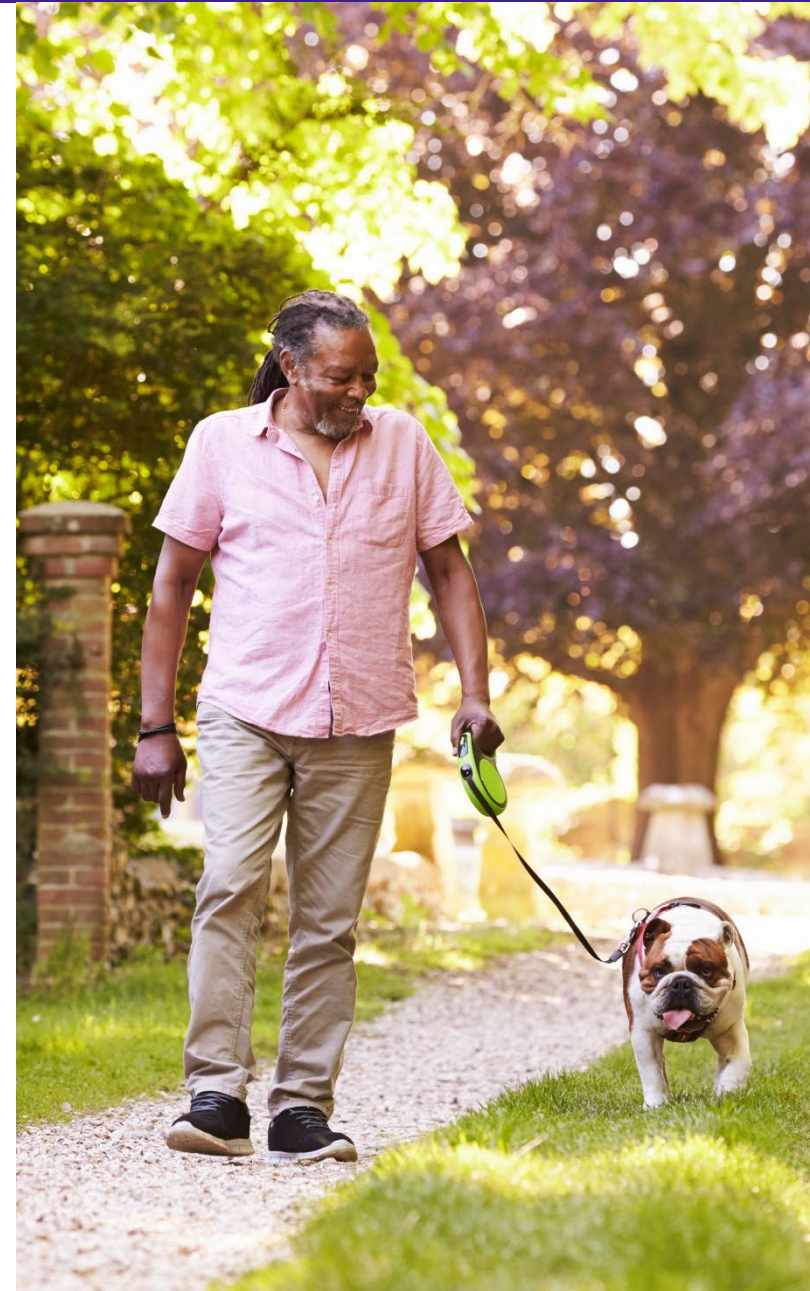
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