

CONSUMER DIRECTED

HealthSelectSM

The health insurance portion of Consumer Directed HealthSelectSM is a high-deductible health plan, or HDHP. It's very different from the existing HealthSelect of Texas plan and the regional HMOs because of the high deductible, which could mean higher out-of-pocket costs for participants. It's available to Texas Employees Group Benefits Program (GBP) participants who are not eligible for Medicare.



What is a deductible? A set amount you pay for covered health services and prescriptions before the plan begins to pay for anything except preventive services. The amounts of the Consumer Directed HealthSelect deductibles are set by the Employees Retirement System of Texas (ERS) and can change from plan year to plan year, but they reset on a calendar year basis.

Higher annual deductible

In Consumer Directed HealthSelect, there are different deductibles for in-network and out-of-network services and products.

| Plan Year 2017 Deductible | Individual coverage | Family coverage |
|---------------------------|---------------------|-----------------|
| In-Network | \$2,100 | \$4,200 |
| Out-of-Network | \$4,200 | \$8,400 |

- After you meet the deductible, the HDHP pays:
 - 80% for eligible in-network costs, including prescriptions
 - 60% for eligible out-of-network costs, including prescriptions
- Preventive services such as annual check-ups, screenings and vaccines will be covered at 100% – even if you haven't met the deductible.
- Until you meet the deductible, you are responsible for the full costs of non-preventive services and prescriptions, which could be much higher than the

copays in HealthSelect of Texas and the HMOs.

- Some prescriptions could cost you hundreds or even thousands of dollars.
- Use the Plan Cost Estimator to estimate the costs of health care services under Consumer Directed HealthSelect. Go to **healthselectoftexas.com/cdhs**, under Medical Benefits for the estimator.
- You can see possible prescription costs with Caremark's drug cost estimator by visiting **www.caremark.com/ers** and clicking "Check Drug Coverage and Cost" under "Quick Links."
- The annual deductible is based on a calendar year (January through December). If you change to Consumer Directed HealthSelect during Summer Enrollment, any eligible costs you've paid toward the HealthSelect of Texas deductible since January 1, 2016 will be applied to the 2016 Consumer Directed HealthSelect deductible. The deductible will reset on January 1, 2017.

Annual out-of-pocket maximums



Out-of-pocket maximum – The limit on how much you or your family will have to pay each year for eligible health services, prescriptions and other health products. The out-of-pocket maximum protects you and your family from catastrophic health costs. The maximum includes deductibles, coinsurance amounts and other eligible out-of-pocket expenses paid both before and after you meet the deductible. (Health insurance premiums do not count toward the out-of-pocket maximum.) In Consumer Directed HealthSelect, there are different maximums for in-network and out-of-network services and products.

- After you and your family meet the out-of-pocket maximums outlined in the chart on the next page, the plan will pay 100% for the rest of the calendar year.
- The two maximums – for both in-network and out-of-network services – are separate from each other. That is, the money you pay for out-of-network services does not apply to the in-network maximum, and vice-versa.

- For example, if you have individual coverage and spend \$6,550 on in-network deductibles and coinsurance between January and October 2017, the plan will pay 100% of any covered in-network services through December 2017. You would still have to pay for out-of-network services until you meet the out-of-network out-of-pocket maximum.

| Calendar Year Out-of-Pocket Maximums | | |
|--------------------------------------|---|--|
| Calendar Year | In-Network | Out-of-Network |
| 2016 | Individual: \$6,450 Family: \$12,900 | Individual: \$12,900 Family: \$25,800 |
| 2017 | Individual: \$6,550 Family: \$13,100 | Individual: \$13,100 Family: \$26,200 |

Lower monthly dependent premium

- Dependent premiums are about 10% lower, on average, than the dependent premiums for HealthSelect of Texas.
- Like with HealthSelect of Texas and the HMOs, the State of Texas pays 100% of the health premium for eligible full-time employees and retirees, and 50% for their eligible family members. The State of Texas also pays 50% of the health premium for eligible part-time employees and retirees, and 25% for their eligible family members. If you are not eligible for any state premium contribution, you will pay the full premium.

Network benefits

- Consumer Directed HealthSelect has the same large provider and pharmacy networks as HealthSelect of Texas, including:
 - tens of thousands of doctors, hospitals, pharmacies and other providers across Texas,
 - thousands more across the United States and
 - Caremark's prescription mail service.
 - You don't have to designate a primary care physician (PCP), and you don't need referrals to see specialists.
- It pays to stay in the network! You don't have to stay in the network, but you'll save money if you do. Out-of-network providers cost more than in-network providers. Plus, you will have to meet even higher annual deductibles and out-of-pocket maximums for out-of-network services – see the charts above – and pay any costs over the allowable amount (known as balance billing).

Example of out-of-pocket costs in Consumer Directed HealthSelect compared to HealthSelect of Texas

The following is an example with average health costs at the time of publication. Actual costs might be different.

Consumer Directed HealthSelect

Tom, a Consumer Directed HealthSelect participant, has the flu. He has not met his \$2,100 annual deductible, so he has to pay the full cost for non-preventive services. He goes to a network doctor and pays \$98 for an office visit that includes a flu test. He gets a 10-day prescription for 30 mg Tamiflu capsules and pays \$123.06 at the pharmacy.

Tom pays a total of \$221.06.

HealthSelect of Texas

Brian, a HealthSelect of Texas participant, also gets the flu. He visits his primary care physician and pays a \$25 copay for an office visit that includes a flu test. He also receives a prescription for a 10-day supply of 30 mg Tamiflu capsules. He hasn't met his \$50 annual drug deductible yet so he pays \$85 (\$50 deductible plus \$35 copay) at the pharmacy.

Brian pays a total of \$110.

Resources



The HDHP will be administered in Plan Year 2017 by UnitedHealthcare, the current administrator of HealthSelect of Texas.

UnitedHealthcare

(866) 336-9371 (TTY – 711), 8 a.m. – 7 p.m. CT, Monday – Friday and 7 a.m. – 3 p.m. CT, Saturday
healthselectoftexas.com/cdhs



Use UnitedHealthcare's plan cost estimator to get a better understanding of what your overall costs might be Consumer Directed HealthSelect compared to HealthSelect of Texas.

Visit healthselectoftexas.com/cdhs under "Medical Benefits" for the Plan Cost Estimator. Once you're there, you can enter information about your household's health needs and finances. The estimator will include monthly dependent premiums, out-of-pocket costs and health savings account contributions in its estimate.

Every eligible employee and retiree who enrolls in Consumer Directed HealthSelect should open a health savings account (HSA) with Optum Bank as soon as possible. HSAs can be used to pay for qualified medical expenses for yourself, your spouse and even tax dependents with tax-free funds.

Eligibility

You may be eligible to open an HSA if you:

- enroll in Consumer Directed HealthSelect which includes a high-deductible health plan (HDHP);
- are not covered by any non-HDHP, such as a spouse's health plan that provides any benefits covered by Consumer Directed HealthSelect. Exceptions include permissible coverage such as dental and vision;
- are not enrolled in Medicare;
- do not receive health benefits under TRICARE; and
- cannot be claimed as a dependent on another person's tax return.



If you're thinking about enrolling in Consumer Directed HealthSelect, you should review IRS guidelines or talk to a tax advisor to make sure you're eligible to participate in an HSA.

Contributing to an HSA

- You may be eligible for state contributions to your HSA. In general, if you are eligible for the state contribution to your health insurance premiums, you are eligible for state contributions to your HSA.
- You can contribute to your HSA up to a certain amount set by the U.S. Internal Revenue Service (IRS) each year.
 - Most active employees will be able to have contributions deducted pre-tax from their paychecks and deposited in their HSAs. They also will have the option to make post-tax contributions directly to their HSAs.
 - Retirees and other groups will have to make contributions directly to their HSAs, using post-tax funds.

- You can accept post-tax contributions from others, like family members, to your HSAs.
- You can claim post-tax contributions as deductions when you file your tax returns.
- It is up to you to ensure total annual contributions from all sources don't exceed the maximums set by the IRS.
- The annual maximum contribution set by the IRS is \$3,350 for an individual account and \$6,750 for a family account.

See your Summer Enrollment Guide for contribution details and maximums.

Access to HSA funds

It's important to open an HSA as soon as possible after enrolling in Consumer Directed HealthSelect.



After enrolling in Consumer Directed HealthSelect, visit optumbank.com/texasers and complete the online application to open an HSA.

- You have access only to the money that has accumulated in your account at the time of withdrawal, and not any money pledged to be deposited in the future.
- HSA funds cannot be used to reimburse health expenses incurred before the account was opened.
- Contributions from the state cannot be deposited until an account is open.

Benefits beyond tax savings

- You can continue to use your HSA funds even if you no longer participate in a high-deductible health plan (HDHP) – but you can't accept or make contributions unless you're enrolled in an HDHP.
- Money won't be lost at the end of the year – Balances carry over from one year to the next.
- If you change health plans or leave state employment, you can keep all the funds in your HSA, even the state contributions.
- When HSA savings reaches \$2,000, you can decide to invest the funds. Investment earnings and interest aren't taxed. Note: Investments may lose value.

- Neither Optum Bank nor ERS has to approve withdrawals. It's up to you to make sure the funds are spent on qualified health expenses. There could be tax penalties for misusing HSA funds. Examples of qualified health expenses, defined by the IRS are available at optumbank.com/texasers.

HSA participants cannot participate in a health care flexible spending account (FSA)

According to IRS rules HSA participants cannot participate in a health care FSA and an HSA in the same plan year.

Instead, HSA participants who are eligible to contribute to a TexFlex health care account can enroll in a limited flexible spending account (LFSA) and elect to contribute from \$180 to \$2,550 per family annually. LFSA funds can be used only on qualified vision and dental expenses.

You don't have to enroll in an LFSA but if you have \$25 - \$500 left in a TexFlex health care FSA after August 31, 2016, an LFSA will be opened for you and the money will be rolled over.

If you enroll in a TexFlex LFSA and have less than \$25 in your TexFlex health care account, the entire balance would roll over. If you don't enroll, you'll forfeit any amount under \$25 in your TexFlex health care account after August 31.

For more information on the TexFlex LFSA, visit www.TexFlexERS.com.

HSA Resources

The HSA will be administered in Plan Year 2017 by Optum Bank, a subsidiary of United HealthCare Services, Inc.

Optum Bank (800) 791-9361 (TTY – 711),
7 a.m. – 7 p.m. CT, Monday – Friday CT
healthselectoftexas.com/cdhs