

FAQ's

Will the university contribute \$750/\$1,500 to my HSA every year?

Since financial conditions may change for the university over time, we cannot commit to having current contribution levels continue indefinitely. However, Tech strongly believes in this concept and the current intent is to continue to provide some seed funds into the HSA.

Since we will now have to pay 10% of hospital expenses, what is the upper dollar limit that we could be required to pay?

What is the most money that an individual will pay under each plan?

For Husky Care PPO

For services by in-network providers, the combination of the \$500/\$1,000 deductible plus the 10% coinsurance amounts (for in- and out-patient hospitalization) must reach the out-of-pocket maximum of \$1,500 for an individual, \$3,000 for two persons and families. That maximum includes the co-pays you make for office visits and lab & x-rays. After you reach the maximum out-of-pocket, the plan pays 100% for the referenced services. You will still be responsible for the co-pays for pharmacy and emergency services. For out-of-network benefits, the cap (including a higher out-of-network deductible) is \$3,000 for an individual and \$6,000 for two or more people.

For Husky Care HSA

For in-network services, the combination of the \$1,500/\$3,000 deductible plus the 10% coinsurance payments must reach the out-of-pocket maximum of \$2,500 for a single person, \$5,000 for two person and families. After that the plan pays 100% for all health services. For out of network benefits, the cap (including the higher out of network deductible) is \$5,000 and \$10,000, respectively.

Deductibles

There is a difference in how the deductibles are met for each plan. For Husky Care PPO, once one family member meets the single deductible, expenses for that person will start being paid by the plan. For the Husky Care HSA, it is an IRS requirement that the full family deductible of \$3,000 be met before the plan can begin paying expenses for any family member.

What do I have to pay for prescriptions in each plan?

For Husky Care PPO

At retail pharmacies, generic drugs require a 10% co-pay, with a minimum of \$5 and a maximum of \$20. Brand name drugs require a 25% co-pay, with a minimum of \$10 and a maximum of \$40.

For mail order (three month supply), the minimum and maximum co-pays are doubled.

For Husky Care HSA

Prescriptions are covered the same as any other medical expense, subject to the \$1,500/\$3,000 deductible (until met), then subject to the 10% copay until the out-of-pocket maximum of \$2,500/\$5,000 is met. Thereafter the plan pays 100%.

How much of a salary increase will I get?

Please refer to Glenn Mroz' letter to the university. After reviewing the results of open enrollment, a determination regarding any incremental salary increase will be made. Additional information will be provided in mid December.

We have had a great PPO traditional plan. Why do I have to pay more now?

Why do we have to change benefits at all?

As noted in Glenn Mroz' letter to the university dated October 24, 2008, the intent of these changes, combined with other adjustments to benefits, was to develop health-care cost containment; increase flexibility to accommodate faculty and staff at various life stages; and support the Compensation Strategy Task Force recommendations. The other intent is to change the ratio of benefits to compensation to a rate that permits us to compete with other universities for talent.

Can you explain the tax benefits of the HSA in language I can understand?

Contributions into an HSA are not taxable, so you will not pay taxes on the money as it goes into the account. Tech is contributing money into the HSA accounts, and that is also contributed without being taxed. The money in the account earns interest or investment income, and those earnings are not taxed. Finally, if you withdraw funds from the account and use them for qualifying health care expenses, that money also is not taxed. In other words, you will never pay taxes on the money, if you use it for health care.

Whose idea was this anyway?

The Compensation Strategy Task Force, formed in the spring of 2008, examined Michigan Tech's combination of salaries and benefits, compared to the institutions with which Tech competes for faculty and staff. After reviewing their findings, they, in turn, asked the Benefits Liaison Group to suggest changes that would make the benefit plans a better fit for all faculty and staff at various stages of life and to shift compensation from benefits to salary, with a goal of reducing the fringe benefit rate to 34-36% of the salary base. Both the Compensation Strategy Task Force and the Benefits Liaison Group have broad representation from across the university, including faculty, staff and retirees.

What happens if I choose the HSA, and I don't have any health expenses?

What if I don't spend the \$750 single or \$1,500 family contribution from the university to my HSA account?

The amounts that both you and Tech contribute to the HSA carry over year after year and are available to pay expenses in subsequent years, including into retirement. You can receive reimbursement for expenses even if you are no longer enrolled in a qualifying high-deductible health plan. The amounts deposited to your HSA are yours. They are fully vested when deposited. That means the funds remain yours, and even if you leave the University, you can continue to access and use the account for medical expenses. If you were to set up a new HSA account at another financial institution, the account from Tech is portable and can be rolled over into the new account.

What happens to my HSA account if I die?

If you have money in your HSA account, that money can be used by your spouse and other dependents for medical expenses. If your spouse is also deceased, your beneficiaries would receive the money. However, it would be taxable for them. JPMorgan Chase will send you the beneficiary paperwork when you open your HSA account.

How does each plan compare to my current coverage?

The Husky Care PPO is similar to the existing Husky Care plans, but it does now include a deductible. The Husky Care HSA is a totally new type of plan. The health care services covered are the same; in fact, there are some enhancements for 2009 (vision benefit, colonoscopies).

What if I don't want to participate in either plan?

You are not required to enroll in a Michigan Tech medical plan. If you choose to opt-out, you will receive \$150 a month, which is taxable. You must provide the Benefits office with proof of medical coverage elsewhere.

Where will my HSA money be held?

Aetna has a partnership with JPMorgan Chase for establishing HSAs. Since Tech will be contributing to the HSA on your behalf, you must establish an HSA account with Aetna's partner to receive your Tech contribution.

How will I get money out of my HSA to pay my bills?

There are multiple options for accessing your funds, including a debit card or checking account. Please access Aetna's website for additional information.

Can I pay into my HSA with a lump sum or payroll deduction or both?

You can use payroll deduction, lump sum or both. If you payroll-deduct, the amounts will go into the account you establish with Aetna's HSA partner on a pre-tax basis. In other words, the amount you choose to contribute to your HSA will be excluded from the calculation of taxes at the time you are paid. You may also choose to make a lump sum contribution to the JPMorgan Chase account. If you do so, you will get a tax deduction for the contribution when you file your income taxes.

You also have the right to establish an account with another financial institution. However, you will need to create an account through JPMorgan Chase to receive your Michigan Tech contribution.

Can I pay into my HSA with a credit card, so I get frequent flier miles?

No, HSA contributions must be made in cash or check.

Both my wife and I are over 55, can we each use the \$1,000 catch-up provision?

Only the person establishing the HSA can use the “catch-up” provision. For example, if you cover your spouse under Tech’s plan, and you open an HSA account, you are eligible to contribute the additional \$1,000 catch-up contribution for yourself. If your spouse is also eligible for the \$1,000 catch-up provision, a separate HSA in your spouse’s name must be established.

I am currently 65 and enrolled in Medicare. Am I still eligible to participate in the HSA plan?

I am covered under my spouse’s health insurance plan. Am I eligible to participate in the HSA plan?

Only if your spouse is covered in a IRS qualified high deductible health plan. If you are enrolled in Medicare or a non-qualified you are not eligible to participate in the HSA plan.

What if I decide I don't like the plan I chose? Can I change plans?

What happens to my HSA money if I decide to change to the PPO next year? Do I have to give the 1500 back to the university?

Your health plan choice is only for one year, you will be able to change plans during open enrollment for 2010.

The HSA money in your account is yours to keep – so you do not have to return any remaining money.

11/17/2008