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Pre65 and Post65 US Retirees 2020 OE Overview

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2020 Plan Changes

- Maximum Allowable Amount is being removed effective 1/1/2020
- New High Deductible Health Plan (HDHP) with Health Savings Account (HSA) or Health Reimbursement (HRA) is being added as an option. In 2020 and going forward, all NAF retirees will have a choice of medical plans to choose from.
- No changes for 2020 to dental plan.

2020 Cost Increase

- The cost of the current medical plans for Pre65 Retirees will increase by 5.85% and post65 Retirees will have a decrease of 2.71%
- The new HDHP medical plan will cost 20% less than the 2020 cost of the Choice POSII or Traditional Choice Plans.
- There is NO cost change for dental.

2020 Pre65 Retiree Plans Monthly Cost Comparison

	Traditional Choice and Choice POSII (CPII) Plans	NEW High Deductible Health Plan (HDHP)	Annual Savings from 2020 cost of CPII & Traditional Plans
Employee ONLY	\$186.66	\$149.32	-\$448.08
Employee + Spouse	\$431.18	\$344.95	-\$1,034.76
Employee + Child(ren)	\$360.25	\$288.20	-\$864.60
Employee + Family	\$571.18	\$456.94	-\$1,370.88

2020 Post65 Retiree Plans Monthly Cost Comparison

	Traditional Choice and Choice POSII (CPII) Plans	NEW High Deductible Health Plan (HDHP)	Annual Savings from 2020 cost of CPII & Traditional Plans
Employee ONLY	\$171.56	\$137.25	-\$411.72
Employee + Spouse	\$396.31	\$317.05	-\$951.12
Employee + Child(ren)	\$331.11	\$264.89	-\$794.64
Employee + Family	\$524.98	\$419.98	-\$1,260.00

New HDHP is being added as an option for 2020 and forward!

- The new plan being offered as an option to the current plan(s) is a High Deductible Health Plan (**HDHP**). A HDHP is just a type of medical plan but it will have plan design features that meet the IRS requirements so that your NAF can also offer employees and Pre65 Retirees a Health Savings Account (**HSA**) to enroll in if you are eligible.
- Post65 Retirees electing the new HDHP medical plan will be able to elect a Health Reimbursement Account (**HRA**).
- You'll now have a choice for medical plans. Each year in November, you can decide which medical plan best meets the needs of you and your family for the plan year (January through December).
- Part of this new plan choice provides a lower cost option (20% savings) for health insurance. It's this price difference that is one of the critical decision factors when deciding on which plans is the best for you and your family.

For Pre65 ONLY

HSA offers triple tax benefits

TAX-FREE X 3 = FOR ME!!!

Is why 1 in 12 Americans have an HSA already

Unlike other savings vehicles (Roth IRA, Traditional IRA, 401(k), etc.), an HSA offers triple tax savings:

- 1) Tax-deductible contributions (contribute post-tax and take a tax deduction before the tax filing deadline). Employer contribution to the account
- 2) Tax-free interest from the savings account or investment earnings
- 3) Tax-free distributions, when used for qualified healthcare expenses

This new plan sounds so different. How is this new HDHP plan similar to the plan I have today?

- HDHP will use the **same provider network (doctors, hospitals) and negotiated prices for services** and the **same pharmacy network and negotiated prices** as the CPII plan.
- HDHP will have the **same services covered** (i.e. 100% preventive, what drugs are covered, what is excluded, etc.) but at a **different cost share** than current. With a higher deductible, you'll pay more as you use the plan vs. paying more for a higher coverage level.
- HDHP will cover the **same program features** such as Teladoc (general medicine/dermatology/behavioral health), it will include incentives for healthy actions (biometric screenings/completing a health assessment/online journeys/3 calls with Disease Management on a goal) and 24 hr. Informed Nurse Helpline, etc.
- HDHP will have the **same \$150 vision hardware reimbursement** benefit as in CPII.
- HDHP will have the **same 100% preventive screening coverage in-network** as in the current plans
- Like the pharmacy benefit today, the HDHP will **also have Maintenance Choice, Choose Generics and use the same Aetna Standard Plan formulary** (list of which tier a drug falls under).

What will be different on HDHP medical vs the current Choice POS II (CPII) or Traditional Choice medical?

- **LOWER PRICE.** The new HDHP option costs 20% less in monthly premiums.
- **For Pre65 Retirees, you may be eligible to elect the HSA.** Per the IRS, you are NOT eligible to elect an HSA unless you enroll in the HDHP plan. **For Post65 Retirees, HRA is available when you elect the HDHP.**
- **Employer Deposit to the HSA or HRA.** Your NAF is able to make a contributions to these accounts. The NAF contribution will be a one-time deposit that will occur once you have **enrolled in the HDHP and elect the HSA (Pre65) or HRA (Post65)**. For 2020, your NAF will deposit \$500 for Retiree Only and \$1,000 Family (retiree + spouse, retiree + child/ren and retiree + family) . Your NAF employer will make a contribution deposit to the HSA or HRA each plan year you are **enrolled in both the HDHP and the HSA (Pre65) or HRA (post65)**.
- **The HDHP is the health plan and has ONLY deductible & coinsurance.** This includes PCP and Specialist office visit, Teladoc consults and Pharmacy/prescription medications. **The only 3 exceptions for the HDHP deductible to apply are:** 1) the same as current plan 100% preventive screenings in-network, 2) the same as current vision benefit for each covered dependent of up to \$150 reimbursement for contact lenses and lenses and frames for glasses as well as the pediatric vision benefit and 3) if your prescription drug in on the 2020 Preventive Medicine list issued by the IRS.

This means that Primary Care Office visits will not be a \$30 copay or \$45 Specialist (like the CPII plan) but rather you pay the full discounted (Aetna allowed) amount until the HDHP deductible has been met. Once the deductible has been met, you will share in the cost with the plan paying 75% and you paying 25% until the Out-of-Pocket maximum has been met.

What will be different on HDHP medical vs the current Choice POS II (CPII) medical?

- **Pharmacy.** IRS requires all covered expenses have the deductible apply. This means that the IRS requires that ALL covered prescription drugs under your pharmacy benefit, with the exception of a Preventive Medicine List, have the deductible apply. This is very different than how you currently pay for prescription drugs (a set dollar amount called a copay).
- Maintenance Choice, Choose Generics and the 2020 Aetna Standard Formulary (what prescription drugs are on which tier) is the same as the current plan. What is different between the current plan and the new HDHP is the amount you'll pay under the before and after HDHP deductible has been met.
- If the prescription drug you take is on the 2020 Preventive Medicine list, the HDHP deductible is waived. This list of drugs can be found under Resources (on the far left) at:
<https://www.nafhealthplans.com/health-benefits/medical/hdhp/>
- On this HDHP plan, you will have to pay the ***full discounted price*** of the prescription drug until the deductible has been met. **Once the deductible has been met, coverage for up to 30 day supply at Participating Retail Pharmacy is:**
 - ❖ **Tier 1** - Generic – you pay 0% after deductible or if deductible is waived (prescription drug is on the 2020 Preventive Medicine List)
 - ❖ **Tier 2** – Preferred brand-name drugs – 35% up to \$75 maximum
 - ❖ **Tier 3** – Non-preferred brand-name drugs – 50% up to \$125 maximum (same maximum as Tier 3 on current plan)
 - ❖ **Tier 4** – Specialty drugs – 50% up to \$125 maximum (same maximum as Tier 4 on current plan)

Let's talk HSA!

- For 2020, the maximum annual contributions to the HSA (including post tax and employer deposit and any health incentives earned) is \$3,550 individual and \$7,100 family in 2020.
- HSA contributions go into an online bank account with PayFlex and these HSA **monies stay with you** even if you switch plans. While you are enrolled in the HDHP with HSA, your NAF pays the monthly HSA bank fee. When you are no longer enrolled in the HDHP, the monthly HSA account fee will be taken from your HSA account.
- HSA monies **can be invested** at a balance of \$1,000 and greater. There are 25 investment funds you can choose from to invest your HSA monies in should you choose to do that.
- At 65 or older (or disabled), you can **use the HSA monies for non-eligible expenses without 20% tax penalty** (“regular” taxes will apply to the withdrawal amount)
- If you have an HSA somewhere else, you can **transfer balance** to our HSA
- **You are in charge** of your HSA funds. This makes you the decision maker of when to use your HSA monies for eligible healthcare expenses.

For Pre65 Retirees Am I eligible for an HSA?

The IRS rules to be eligible for a Health Savings Account:

You have to be enrolled in a qualified HDHP, and the DoD NAF HBP HDHP will be a qualified plan.

You cannot have any other health coverage that pays for out-of-pocket health care expenses before you meet your plan deductible. You CAN have dental but can NOT have other medical/RX coverage.

You cannot have Medicare (which is why HSA is not available to Post65 Retirees) or TRICARE. Your spouse or children CAN have other coverage.

You cannot have had VA benefits used in the prior 3 months before HSA setup (unless for a service-related disability)

NOTE: Even if you are not eligible for the Health Savings Account (i.e. have TRICARE), you could still enroll in the HDHP medical plan for monthly rate savings

HSA (for Pre65 that enroll in HDHP)

HSA = Health Savings Account - Administered by PayFlex

- You are eligible to set up and contribute to an HSA ONLY if you are covered under a qualified HDHP (not available if enrolled in any other DoD NAF Plans)
- A HSA is an interest-bearing savings account, owned by retiree, can be invested if balance reaches \$1,000 and above. It's portable. Your HSA monies stay in your account with triple tax benefits until you use it for eligible healthcare expenses
- Do NOT need to submit receipts for debit card purchases. You should keep all receipts showing how you used your HSA funds to be able to show it was a qualified medical expense and in event of an IRS audit.
- Your contributions, should you choose to contribute, will be done post-tax . For your post-tax contributions, you would take an "above-the-line" tax deduction and complete Form 8889 with your taxes to show contributions to and distributions from your HSA
- If you have a working spouse, they can NOT have a Health Care FSA in the same year you have contributions to an HSA. Your working spouse can still elect the Dependent Care FSA, if available to them through their employer, in the same year that you elect a HSA.
- IRS allow for HSA monies for dependent children to age 24. The HDHP allow for you to cover your dependent children to age 26.
- If you are 55 and older, each year you are eligible for HSA, you can contribute an additional \$1,000 to your HSA. This is called a "catch-up" contribution. You can contribute up to the tax filing deadline (typically April 15th)

HRA (for Post65 Retirees)

- Health Reimbursement Account (HRA), administered by PayFlex, is available only when you enroll in the HDHP option.
- For 2020, your NAF will fund \$500 for Employee/Retiree Only and \$1,000 for Family (employee/retiree + spouse, employee/retiree + child/ren and employee/retiree + family) into your HRA account. Your NAF employer will make a contribution deposit to your HRA each plan year you are **enrolled in both the HDHP and the HRA.**
- The HRA funds are there for any eligible healthcare expense for any tax dependent for the time you are covered by the Aetna HDHP plan. If you change plans or end coverage, these are employer funds and are not portable.
- **You are in charge** of your HRA funds. This makes you the decision maker of when to use your HRA monies for eligible healthcare expenses for you and any of your tax dependents.
- You can use the PayFlex debit card (where merchant coding by country allows) or submit for reimbursement for eligible healthcare expenses.
- You can earn more HRA funds by completing Health Incentives. These health incentives are added to your HRA.

2020 Health Incentives

- **No changes to the Health Incentive program from 2019.**
- Any health incentives earned while enrolled in the HDHP and HSA/HRA will deposit to your HSA. If you enroll in the HDHP but are not eligible for the HSA or do not enroll in the HSA/HRA, you will not be eligible to earn the health incentives. Incentive monies deposited to HSA are always there. Incentive monies deposited to the HRA are there for use for eligible healthcare expenses only during the time you are enrolled in the HDHP with HRA. On the current plans, incentives earned under the CPII or TC medical plans roll over up to 3 years and are used as you have deductible and/or coinsurance claims.
- Earn up to \$300 retiree only or up to \$600 for family each year in health incentives by doing:
 - \$150 each for Biometric Screening for retiree and covered spouse. Deadline is 11/30
 - \$75 each for retiree and covered spouse to complete an online health assessment by 12/31
 - \$75 each online wellness journey (up to 4 each) for retiree and covered spouse completed by 12/31
 - \$75 each for completing 3 calls to work on a goal with a Disease Management Nurse for retiree and covered spouse (Program covers 36 conditions) by 12/31

2020 Teladoc

- **No changes to the Teladoc program from 2019.** Behavioral Health video consults and dermatology photo share consults were added effective 1/1/2019.
- If you are enrolled in the HDHP, all the Teladoc programs are available to you but they are not copays (like they are on the current CPII or TC plan). You will pay the full cost of the Teladoc consult until you have met the deductible.
- Actual Costs for Teladoc consults, which you are responsible for during the deductible phase of the HDHP plan are:
 - \$45 – 24/7/365 General Medicine consult (telephonic or video where allowed by state)
 - \$75 for Dermatology consults
 - \$190 for initial consult and then \$95 for subsequent consults with a psychiatrist or \$85 for consult with a therapist other than a psychiatrist (psychologist, etc.)
- After the HDHP deductible has been met, **your cost of the General Medicine consult (24/7/365) will be \$0!** The plan will pay the full cost of the general medicine consult on the HDHP after you have met the HDHP deductible for the plan year.

How can I learn more about 2020 and the new HDHP option?

- The www.nafhealthplans.com/retiree website
- Attend any of the retiree **calls** that will be scheduled from 11/4 through 11/21` (call schedule is posted on www.nafhealthplans.com).
- For very detailed information on HSAs, **available to pre65 retirees when they enroll in the new HDHP plan**, be sure to check out the Consumer's Guide to Health Savings Accounts (HSA) is posted on www.nafhealthplans.com website.