FREQUENTLY ASKED QUESTIONS

Part I – HIGH DEDUCTIBLE HEALTH PLAN (HDHP)

Q. What is the HDHP?
A. The High Deductible Health Plan (HDHP) is a health care plan that gives you more control and responsibility over how you spend your health care dollars. Under the HDHP, your monthly employee medical plan contributions are lower and your annual deductibles are higher than with the other NYU medical plans. However, you can make pre-tax contributions to a Health Savings Account (HSA) to help you pay for your costs before the deductible and other out-of-pocket costs. Your HSA is yours to keep – even if your employment at NYU ends or you retire. See Part II on page 4 for HSA information.

Q. Do I pay for the full amount of the office visit when I go to the doctor?
A. If you see a UnitedHealthcare in-network physician, you are responsible to pay the discounted amount UnitedHealthcare has contracted to pay your doctor, until your deductible is met. If you use an out-of-network physician, you are responsible for the total amount charged. You can use your HSA for this expense.

The doctor’s office should submit a claim with their charges to UnitedHealthcare. UnitedHealthcare will then apply all discounts that apply and credit your deductible. Once the claim is processed, you will receive an explanation of benefits (EOB) showing the amount you are responsible for. Some doctors may require that you pay the full amount or a portion of the bill upfront, but most will simply bill UnitedHealthcare and then bill you for the balance once the claim has been processed. If you pay at the time of service, make sure to compare your patient responsibility amount with the EOB to ensure you have not overpaid.

Once the deductible is met, you will pay 10% coinsurance for in-network medical services and prescription drugs and 30% out-of-network coinsurance.

Q. Do I pay the full amount for prescription drugs?
A. Until you meet your combined medical/Rx deductible, you will pay the full cost of prescription drugs, except for those medications that are on the CVS Caremark Preventive Drug Therapy List. These preventive medications will not be subject to the deductible, and
you will pay 10% coinsurance. Once the deductible is met, you will pay 10% coinsurance for non-preventive drugs.

**Q. What happens if I have a hospital stay or a catastrophic illness? Will the HDHP cover my expenses?**

**A.** Yes. If you have a catastrophic illness, the annual out-of-pocket maximum protects you financially by covering 100% of the costs for the rest of the calendar year once you reach the out-of-pocket maximum – $3,000 in-network for individual coverage, and $6,000 for all other coverage levels, and $5,000 out-of-network for individual coverage and $10,000 in-network for all other coverage levels.

**Q. Is the UnitedHealthcare network for the HDHP plan different than the network in the Point of Service Value and Advantage Plans?**

**A.** The United Healthcare HDHP uses the same network as the current Point of Service plans.

**Q. How do I pay for services under an HDHP?**

**A.** Since you need to meet a deductible before benefits begin (except for in-network preventive care), your provider will file your claim before you make any payments. In-network providers should file the claim for you. Then, when you receive your explanation of benefits (EOB) from UnitedHealthcare, you will know the exact amount owed and can pay your provider using funds in your HSA or by paying out of pocket. If your in-network provider asks for full payment, point out to him/her that you are in a HDHP and should not be required to pay the full cost of service up front.

If you are filling a prescription, you can simply use your HSA MasterCard to make the payment, up to the current balance in your OptumHealth Bank cash account. Any HSA funds that have been invested must be liquidated before they are available to pay expenses. When you present your CVS Caremark prescription ID card, the pharmacist should be able to calculate the amount you owe – whether the full amount because you haven’t reached your deductible, or your share of coinsurance if you have reached your deductible. Remember to check your HSA balance before using your credit card. You will be charged a fee if you have insufficient funds.

**Q. Is there a separate deductible for each covered dependent?**

**A.** No. Your deductible is based on the coverage level you select. The covered medical expenses for you and your covered dependents apply toward the deductible. The entire family deductible must be met for the plan to begin making payments.

**Q. Do in-network amounts for the deductible and out-of-pocket maximum count toward out-of-network amounts and vice versa?**

**A.** Yes, the amounts cross apply. This means that all of your medical and prescription drug costs, whether in- or out-of-network, will count toward meeting your deductibles and out-of-pocket maximums. For example, if you incur $50 in charges using in-network services and $150 in out-of-network charges, your combined total toward your in- and/or out-of-network deductible and out-of-pocket maximum would be $200.
Q. How are my prescription drug costs determined?
A. For in-network prescriptions, you must meet the combined medical and prescription drug deductible of $1,600 for individual coverage, or $3,200 for all other coverage levels, before the plan begins to pay benefits – other than for certain preventive drugs. Click here for the CVS Caremark Preventive Drug Therapy List. Until then, you pay the discounted cost (allowed cost). Using generic drugs or brand drugs from the CVS Primary Drug List will help you save on your prescription cost. You can compare costs for generic and brand alternatives on www.caremark.com/nyu. After the deductible is met, you will pay 10% of the cost of prescription drugs. Drugs on the Preventive Drug Therapy List are not subject to the deductible, but you will pay 10% coinsurance.

Q. What do I say if my provider’s office asks what my copay is?
A. With the HDHP, you will not have a copay for your care. If your provider’s office asks, tell them you do not have a copay – you have coinsurance. For eligible preventive services, your care is covered at 100% in-network. For non-preventive care, you will pay for the cost of your care based on the discounted cost (allowable charge) after your provider has submitted a claim through UnitedHealthcare.

Q. Will I have an insurance ID card to present to my provider?
A. Yes. You will receive a new UnitedHealthcare ID card in the mail if you enroll in the HDHP. You will also receive a separate ID card from CVS Caremark for your prescription benefits.

Q. What happens under an HDHP if my provider does not accept United Healthcare?
A. If your provider does not accept UnitedHealthcare, he/she would be considered an out-of-network provider and, most likely, would not have agreed to provide any discounts for the service he/she provides. Here is an overview of what would happen in this scenario:

- If there is enough money in your HSA, you can choose to deduct the full amount of the provider’s charge that is submitted to UnitedHealthcare as a claim.
- If you do not have sufficient funds in your HSA, or you choose not to use your HSA, you will owe your provider whatever he/she charges for the services you receive.
- After you have reached your annual deductible ($1,600 individual and $3,200 family), the plan will pay 70% of the allowed cost for out-of-network services.
- You will be responsible for the remaining 30%, which will count toward your out-of-pocket maximum ($5,000 for individual and $10,000 for all other coverage levels). In addition, you are responsible for paying any amounts above the reasonable and customary charges.
- Once your out-of-network charges meet the out-of-pocket maximum, the plan will pay 100% of allowed (reasonable and customary) charges for out-of-network care received for the remainder of the plan year. Note: Amounts over the reasonable and
customary charges are not counted toward the deductible or the out-of-pocket maximum.

Q. How can I receive the most value from a HDHP?
A. You can get the most value from your HDHP my actively managing your health care.

- Know the plan and how you use your medical care. Knowing how your plan works and keeping track of how much you've paid each plan year are the first steps to knowing how to use your plan well.

- Use preventive care. Take advantage of your 100% in-network preventive care so you can stay healthy and detect problems before they become serious.

- Lead a healthy lifestyle. Not only will you feel better, but you may end up spending less on health care – less of your own money – and saving more of your HSA for future health care needs.

- Know the costs and look for appropriate alternatives. Taking financial responsibility is another part of using the plan. You can save money by shopping for the best local, in-network rates and by budgeting your expenses so you can set aside enough money in your HSA. UnitedHealthcare and CVS Caremark have tools on their websites to assist you. You should also consider alternative means of care and discuss them with your provider (e.g. generic instead of brand drugs, an X-ray instead of an MRI, going to your primary care physician or an urgent care facility rather than an emergency room for non-life threatening medical conditions, etc.).

Part II – HEALTH SAVINGS ACCOUNT (HSA)

Q. What is the HSA?
A. The HSA is a bank account that you own and use to pay current and future eligible health care expenses. Key features include:

- The HSA is a tax-savings vehicle that lets you set aside tax-free money to pay for eligible health care expenses – now and for the future. You decide which expenses to pay from your HSA.

- You need to activate your account and the bank needs to process your activation. Once that’s done, you can contribute pre-tax money to the account to use for eligible health care expenses. If you earn less than $50,000 per year, NYU will contribute $500 to your account. If you earn between $50,000 and $74,999, NYU will contribute $250 to your account.

- Your balance rolls over year to year. There is no “use it or lose it” rule like in an FSA.

- If you leave NYU or retire, you can take the money with you; you own the account.
Q. Who qualifies for an HSA?
A. You may open and contribute to an HSA if you:
   - Enroll in the HDHP;
   - Are not covered by other medical insurance other than another HDHP;
   - Are not claimed as a dependent on someone else’s tax return;
   - Are not enrolled in Medicare; and
   - You or your spouse are not enrolled in a Health Care FSA and are not covered under anyone else’s Health Care FSA.

Q. Who owns the HSA?
A. You do.

Q. Does NYU have access to my HSA information?
A. No. Since you own and manage your own HSA, NYU cannot access or view your account.

Q. Can I invest the money in my HSA?
A. Yes. Once your balance reaches $2,000, you will have the option to invest in a selection of mutual funds.

Q. How much money can I contribute to my HSA each year?
A. In 2013, the maximum contribution for individual coverage is $3,250 and the maximum contribution for family coverage is $6,450. HSA account holders over the age of 55 can make an additional “catch up” contribution of $1,000 per year. These limits are set by the IRS and are the same regardless of the source of the contribution.

Q. What happens to the money in my HSA if I change health plans, leave my job, or retire?
A. You own the HSA, so the monies are yours to keep. If you retire and are insured by Medicare, change to a non HSA-qualified plan, or go to another employer that doesn’t offer a qualified plan, you can still use your HSA to pay for out-of-pocket qualified medical expenses. However, you won’t be able to continue to make contributions to your HSA.

Q. Can I take the money out of my HSA any time I want?
A. Yes. You can take money out anytime, tax-free and without penalty, as long as it’s used for qualified medical expenses. If withdraw funds for other purposes, you’ll pay income taxes on the withdrawal plus a 20% penalty.

Q. What is a qualified medical expense?
A. Qualified Medical Expenses are those that qualify for the medical and dental expenses income tax deduction as outlined in IRS Publication 502—Medical and Dental Expenses. Go to www.irs.gov/publications/p502/index.html for a current, complete list.
Q. I joined the HDHP but didn’t cover my children under this plan. Can I use my HSA to pay for my children’s medical, dental, and vision expenses, co-pays, and deductibles?
A. Yes. Your HSA can be used to pay for qualified medical expenses of any family member who qualifies as a dependent on your tax return. If your child is under the age of 26, but does not qualify as a dependent on your tax return, he/she may be covered under your HDHP, but your HSA funds can only be used for expenses for a child who is a tax-qualified dependent. Remember, if the dependent isn’t covered under your plan, his/her expenses won’t be applied toward your plan’s deductible.

Q. My domestic partner is covered on my insurance plan. Can I use my HSA for my domestic partner’s medical expenses?
A. You can only use your HSA for his/her qualified medical expenses if your domestic partner meets the IRS qualifications as a tax dependent.

Q. If my spouse is on Medicare, can I contribute to an HSA?
A. Yes. As long as you’re not enrolled in Medicare yourself and are enrolled in the High Deductible Health Plan, you can contribute to your HSA.

Q. Can I use my HSA for eye glasses, contacts, or LASIK surgery?
A. Yes, but remember these expenses may not apply to your health insurance deductible.

Q. Can I use my HSA to pay for dental expenses and orthodontics?
A. Yes, but remember these expenses may not apply to your health insurance deductible.

Q. Can I use my HSA to pay for voluntary cosmetic surgery?
A. The HSA can only be used for cosmetic surgery if prescribed by a physician and deemed as medically necessary.

Q. My spouse has an FSA or HRA through their employer, can I have HSA?
A. You cannot have an HSA if your spouse’s FSA or HRA can pay for any of your medical expenses before your HDHP deductible is met.

Q. Who decides whether the money I’m spending from my HSA is for a “qualified medical expense?”
A. You are responsible for reporting on your tax return the amount you withdraw from your HSA that is used for qualified medical expenses and the amount that is not (and is therefore taxable). It is recommended that you familiarize yourself with what qualified medical expenses are (as partially defined in IRS Publication 502) and also keep your receipts in case you need to defend your expenditures or decisions during an audit.

Q. Can I use my HSA to pay for medical expenses incurred before I set up my account?
A. No. You cannot reimburse qualified medical expenses incurred before the date your account is established. We recommend you establish your account as soon as possible.

Q. Can I open an HSA if I have a balance in my 2012 FSA?
A. If you have a balance remaining in your 2012 FSA as of December 31, 2012, you cannot
open an HSA until April 1, 2013. This means that you will not be able to withdraw funds from your HSA for expenses incurred between January 1, 2013, and March 31, 2013, even after your account is opened in April.

**Q. I want to make sure my HSA is “established” as soon as possible. Can I establish my account before my HDHP coverage begins?**

**A.** Yes. After Annual Enrollment is over, you will be sent an e-mail with instructions on how to open your HSA online. Once you establish your account, you will receive a package from OptumHealth Bank with instructions on how to use your HSA beginning in 2013.

**Q. Can I deduct my HSA contributions and also claim the itemized deduction for medical expenses?**

**A.** You may be able to claim the medical expense deduction even if you contribute to an HSA. However, you cannot include any contribution to the HSA or any distribution from the HSA, including distributions taken for non-medical expenses, in the calculation for claiming the itemized deduction for medical expenses.

**Q. What happens to the money in my HSA when I die?**

**A.** If you are married, the automatic beneficiary would be your spouse. The account would be transferred to your spouse’s name and available for use for eligible medical expenses. If you are single, the HSA would be liquidated and applied to your total estate. OptumHealth has a beneficiary designation form if you would like to designate a beneficiary outside of this standard practice.

**Q. If I incur an eligible expense but choose not to use HSA funds to reimburse myself immediately, can I do so in the future?**

**A.** Yes. Therefore, it is very important to keep your receipts for health care expenses. You can withdraw funds from your HSA years after you incur the expense as long as you have the appropriate documentation.