

# Guide to the High Deductible PPOs

## HDHP 2800 and HDHP 1400 PPOs with Health Savings Account (HSA) Option

Caltech offers two High Deductible PPOs. They have exactly the same coverage and network, but the deductibles are different.

### CONSIDER ONE OF THE HIGH DEDUCTIBLE PPO OPTIONS IF:

- You want to save for future health care expenses.
- You want to reduce your taxable income.
- You want the flexibility to receive care from any doctor or hospital. When you use Anthem PPO network providers, you pay less.

### BEFORE ENROLLING IN ONE OF THE HIGH DEDUCTIBLE PPOs...

- Remember in-network preventive care is 100% covered under both High Deductible PPOs, as it is with all plans offered by Caltech.
- Consider that you must pay all non-preventive care expenses up to the annual deductible – including most prescription drugs – before benefits begin.
- Keep in mind that the HSA has special eligibility rules. To be eligible to contribute to an HSA, you cannot be:
  - Covered under another medical plan that provides coverage for the same types of benefits, unless that plan is also considered an IRS-qualified high deductible health plan.
  - Claimed as a dependent on another person's tax return.
  - Enrolled in any part of Medicare Part A or B, or if you are age 65 or older and receiving Social Security income.

### TOOLS TO HELP YOU MANAGE COSTS:

- Blue Distinction Centers allow Anthem High Deductible PPO members to receive a higher level of coverage for certain services, such as knee and hip replacements, transplants, cardiovascular surgery, bariatric surgery, and spine surgery.
- Grand Rounds, a free service that offers second opinions and medical advice is available to Anthem High Deductible PPO members.
- *Estimate Your Cost Tool*, a free service that helps you find cost estimates and quality ratings of providers at your fingertips.

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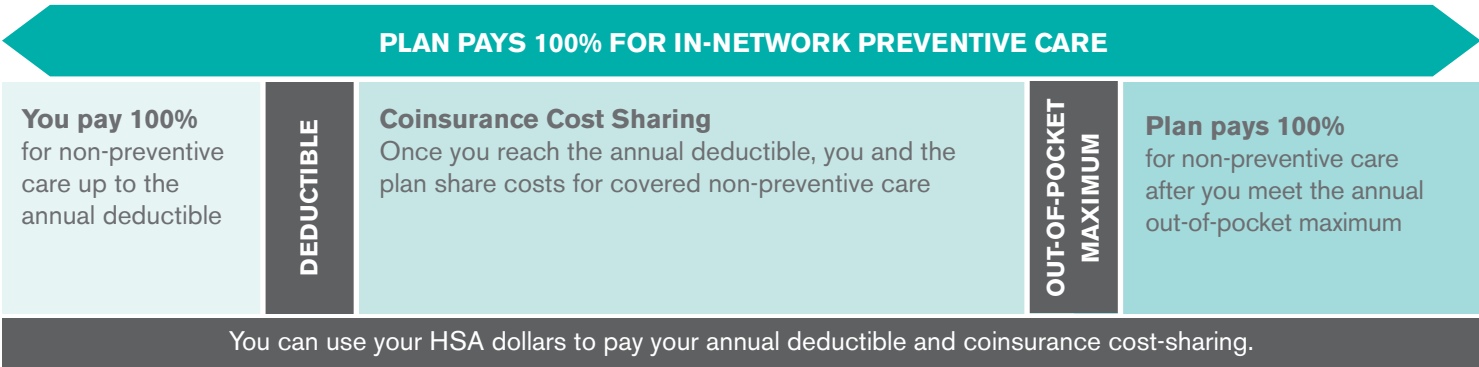
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# How the High Deductible PPOs Work

- You can receive care from any provider, but you will pay lower costs if you receive services from in-network providers and facilities.
- In-network preventive care, including annual exams, is paid 100%, with no deductible or coinsurance for you to pay.
- For eligible preventive prescription drugs, you pay only the applicable copay before the annual deductible. See the **PreventiveRx list** on the HDHP 2800 or HDHP 1400 page at MyBenefits.
- For other, non-preventive care, including non-preventive prescription drugs and diagnostic screenings:
  - You must first meet the annual deductible.
  - Once you meet the annual deductible, you and the plan share the cost of your eligible health care expenses through coinsurance.
  - Once you meet the annual out-of-pocket maximum\*, the plan pays 100% for your covered expenses, including prescription drugs, through the end of the calendar year.

The following pages provide additional details about each of these features to help you understand how the High Deductible PPOs work.



The Plan’s coverage is based on eligible expenses for covered services.

\*Except for non-covered services or supplies or out-of-network claims that are in excess of the maximum allowed amount.



Before choosing a High Deductible PPO, make sure you have adequate cash flow to pay the full cost for your medical and prescription drug expenses up to the annual deductible.

Once your HSA is funded, you can withdraw money to reimburse yourself, but you can only be reimbursed up to the amount of money in your HSA at the time you request a withdrawal.

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# 100% Coverage for In-Network Preventive Care

*When you use providers in the Anthem network, the High Deductible PPOs pay 100% of your preventive care up front – you pay no deductibles, copayments or coinsurance. (Out-of-network preventive care is covered just like any other health care.)*

## FOR EXAMPLE:

- Mary, who is single, enrolls herself in a High Deductible PPO.
- During the year, she visits her in-network doctor for her annual checkup and physical exam and related routine screenings. The total cost is \$250.
- The Plan pays 100% of this amount up-front.
- Mary pays nothing (except her monthly rate for coverage), and no money comes out of her HSA.

## Choose your provider carefully!

Use an in-network provider to ensure you receive the lowest possible negotiated rates for services. If you receive services from an out-of-network provider and/or medical facility, you are responsible for paying the difference between the covered or allowable charges and the billed charges.



## Preventive Care includes:

- Well-child care, including immunizations
- Women's preventive care, including Pap smears, mammograms, cervical cancer screenings, and contraceptive care
- Routine checkups and physical exams, including related wellness tests
- Prostate cancer screenings
- Colorectal cancer screenings.

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# Annual Deductible

For other health care expenses – including covered surgeries, hospitalization, mental health care and most prescription drugs – you must meet the annual deductible before the plan begins paying benefits.

HDHP 2800 In-Network/Out-of-Network	HDHP 1400 In-Network/Out-of-Network
\$2,800 Per Person	\$1,400 Employee Only Coverage
\$5,600 Per Family	\$2,800* Employee + Family Coverage (1 or more dependents)

*\*If you enroll yourself and one or more family members in the HDHP 1400 Plan, you must satisfy the family deductible before the plan pays for non-preventive visits and non-preventive drugs.*

## FOR EXAMPLE:

- John enrolls himself and his wife in the HDHP 2800, and he contributes \$400 a month to his HSA.
- John breaks his arm. After a visit to the urgent care center, a few trips to his doctor’s office for follow-up care, x-rays and related therapy, John incurs \$1,800 in health care expenses. Because he hasn’t met the \$2,800 per person deductible yet, John is responsible for this full amount. He chooses to use his HSA to pay his expenses.
- He has \$1,000 to go before reaching his per person annual deductible (\$2,800 - \$1,800).



## WHY IT’S A “HIGH” DEDUCTIBLE

The plans are called High Deductible because they work in conjunction with the HSA and include prescription drug expenses. The government allows an HSA only in plans that are considered “IRS-qualified high deductible health plans.”

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# Coinsurance

If you have health care expenses that exceed the deductible, the plan begins to pay coinsurance – a percentage of the cost for eligible services. You pay the remaining percentage. This is called “coinsurance cost sharing.” The coinsurance is the same regardless of whether you select the HDHP 2800 or the HDHP 1400.

## COINSURANCE COST SHARING

	In-Network	Out-of-Network*
The Plan pays	80%	60%
You pay	20%	40%

*\*If you use out-of-network providers, you also pay any amount above Anthem’s negotiated rate.*

## FOR EXAMPLE:

- Jennifer is enrolled in the HDHP 1400.
- After a surgery and stay at an in-network hospital, Jennifer incurs \$8,000 in medical expenses.
- She pays the first \$1,400 to meet her annual deductible.
- Then she pays 20% of the remaining cost, or \$1,320.

## TOOLS TO HELP YOU MANAGE COSTS:

### Grand Rounds

- Free service for enrolled employees and family members.
  - Helps you find the best physician in your area.
  - Books doctor’s appointments and gathers medical records.
  - Gets you a second opinion or personalized care plan from a world-leading expert.
  - Tells you everything you need to know about a new diagnosis or existing condition.
  - And, more.

### Use the Blue Distinction Specialty Care Program to Receive Higher Coverage

Now you can visit a Blue Distinction Center for certain services, such as knee and hip replacements, transplants, cardiovascular surgery, bariatric surgery, and spine surgery, and receive higher coverage (85%). Keep in mind, if you do not visit a Blue Distinction Center for these services, your in-network coverage will be 75% (a decrease of 5%).

	Tier 1: In-Network Blue Distinction Centers	Tier 2: In-Network Providers (Non-BDC) for Targeted Conditions Only	Tier 3: Out-of-Network Providers
Coinsurance	Plan pays 85%	Plan pays 75%	Plan pays 60%







# Out-of-Pocket Maximum

If you reach the plan’s out-of-pocket maximum\* (which includes the deductible), the plan pays 100% of the eligible costs for covered health care for the rest of the calendar year. This protects you financially in the event of a serious illness or injury. The out-of-pocket maximum is the same for both the HDHP 2800 and the HDHP 1400. Only the deductible is different.

## ANNUAL OUT-OF-POCKET MAXIMUM (INCLUDES THE ANNUAL DEDUCTIBLE)

	In-Network	Out-of-Network
Per Person	\$4,000	\$8,000
Family Maximum	\$8,000	\$16,000

*The in-network and out-of-network out-of-pocket maximums are exclusive of each other.*

### FOR EXAMPLE:

- Susan and her husband and daughter are enrolled in the HDHP 2800.
- Susan, who is pregnant, gives birth to her son and spends two weeks in the hospital due to complications. Her total medical expenses amount to approximately \$100,000 (after the in-network discount).
- Fortunately, because of the plan’s out-of-pocket maximum, Susan is responsible for just \$4,000 of this amount (\$4,000 is the per person out-of-pocket maximum for in-network care).
- Susan’s eligible in-network medical and prescription drug expenses are paid 100% for the rest of the year.

*\*Except for non-covered services or supplies or out-of-network claims that are in excess of the maximum allowed amount.*

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# Prescription Drug Coverage

In the High Deductible PPO, most prescription drugs are treated just like any other eligible medical care expense:

- For eligible preventive prescription drugs, you pay only the applicable copay before the annual deductible. See the **PreventiveRx list** on the HDHP 2800 or HDHP 1400 page at MyBenefits.
- You are responsible for paying the full cost of your other, non-preventive prescription drugs until you reach your plan's annual deductible. Once your HSA is funded, you'll be able to use those dollars to pay your prescription drug expenses. Until then, you'll have to pay your costs out of pocket.
- Once you reach the annual deductible, the plan pays 80% and you pay 20% of the cost until you reach the annual out-of-pocket maximum.
- Once you reach the out-of-pocket maximum\*, the plan pays 100% of the cost for the rest of the year.

**FOR EXAMPLE:**

- Marcus is enrolled in the HDHP 2800.
- Marcus takes a brand-name, non-preventive prescription drug on a regular basis.
- In the HDHP 2800, Marcus pays the full \$280, which is Anthem's discounted price for a 30-day supply. (Additional discounts apply for medications through Anthem's Express Scripts Home Delivery.)
- Once he reaches the Annual Deductible, Marcus pays 20% of \$280, or \$56.
- Once he reaches the Annual Out-of-Pocket Maximum, the plan pays the full cost for Marcus' eligible expenses, including covered prescription drugs, for the rest of the calendar year – so Marcus pays nothing.

*\*Except for non-covered services or supplies or out-of-network claims that are in excess of the maximum allowed amount.*



**KNOW YOUR DRUG COSTS BEFORE YOU ENROLL**

If you currently pay only a prescription drug copayment, you may not know the actual cost of your medications. Before choosing a High Deductible PPO, check the actual costs of any prescription drug you may be taking. If you are a current Anthem member, call Anthem at (866) 820-0765; otherwise, you can check with your pharmacy.

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# Health Savings Account (HSA)

When you enroll in a High Deductible PPO with Caltech, you can open a personal savings account – called a Health Savings Account or HSA. An HSA helps you save and pay for qualified medical expenses.

By contributing up to the annual HSA limit, you maximize your tax savings and can start to build up funds in your account to use in the future, including in retirement. Plus, the funds remaining in your account have the potential to grow with tax-free interest and investment returns.



**The HSA is not the same as the Health Care FSA benefit. And because of the tax advantages, the IRS does not allow you to contribute to both accounts. See [HSA vs. FSA](#) for details.**

**Consider putting the money you save on premiums into an HSA.**

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## Key Advantages of an HSA

- You can use it to pay for current year or future out-of-pocket medical expenses.
- It's a bank account and is not subject to the "use it or lose it" rule. Your funds remain in the account until you withdraw them.
- You can change jobs, change your health plan, retire, and change employment status without losing the money or the account.
- The money is yours to keep and spend on qualified health care expenses at any time.
- The money is
  - Tax-free when you contribute to your account, reducing your current taxable income.
  - Tax-free as your account dollars grow through investments.
  - Tax-free at withdrawal for qualified health care expenses.

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# Funding Your HSA

You can fund your HSA in two ways:

1. Through regular pre-tax deductions from your paycheck.
2. Through lump sum payments or transfers to your HSA from your personal bank account. These contributions can count as tax deductions when you file your taxes.

You can contribute any amount up to the plan's annual maximum.

## 2020 HSA CONTRIBUTION AMOUNTS

	If you are under age 55, you can contribute up to:	If you are age 55 or older, you can contribute up to:
<b>Employee Only</b>	\$3,550*	\$4,550*
<b>Employee + Family</b>	\$7,100*	\$8,100*

\*Annual contributions amounts are pro-rated for midyear enrollments.

When you enroll in the HDHP 2800 or HDHP 1400, you'll have the opportunity to open your HSA and choose your contribution amount at that time. Once you open your account, you'll automatically receive a debit card and information about other ways to access your HSA.

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# Using Your HSA

When it comes to using your HSA, you have two choices:

1. You can withdraw money from your HSA to reimburse a wide range of health care expenses, including medical, dental and vision care and prescription drugs. Refer to [IRS publication 502](http://www.irs.gov/pub/irs-pdf/p502.pdf) for the full list at <http://www.irs.gov/pub/irs-pdf/p502.pdf>.

OR

2. You can choose to pay these expenses out of your pocket and save your HSA for future expenses.

At the end of the year, money remaining in your HSA rolls over to the following year – so your account can grow over time. When you leave Caltech for any reason – for retirement or to work for another employer – you can take your HSA with you. It's always yours to keep. Also, you can continue to use your HSA dollars even if you switch back to one of the other Caltech medical plan options.

You can also use your HSA for any non-health care expenses. However, the money will be taxed and may be subject to an additional penalty tax before age 65.

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## ACCESSING YOUR HSA MONEY

Money in your HSA is not available to use until it is deposited into your account. This is a legal requirement of an HSA.



# HSA vs. Health Care FSA: Understanding the Difference

If you take advantage of Caltech's Health Care Flexible Spending Account (FSA) benefit, the High Deductible PPO's HSA feature may sound familiar to you. Although they can both be used to pay medical expenses, the HSA and FSA are very different as outlined in the chart below.

Due to IRS requirements, if you enroll in a High Deductible PPO, you cannot contribute to both an HSA and the Health Care FSA at the same time.

Health Savings Account (HSA)	Health Care FSA
You make pre-tax contributions	You make pre-tax contributions
Account can be used for eligible medical expenses	Account can be used for eligible medical expenses
The HSA is a feature in a High Deductible PPO medical option – you must be enrolled in a High Deductible PPO to contribute	The Health Care FSA is a separate benefit – you can be enrolled in any Caltech medical plan or in no medical plan at all
Unused balances roll over from year to year	Up to \$500 can roll over from year to year; any additional unused balance is forfeited at the end of the year (rollover occurs mid-summer and you must be an active employee at the time and not be contributing to an HSA)
HSA dollars are yours to keep even if you leave Caltech	Unused Health Care FSA dollars may be forfeited if you leave Caltech
You can start, stop or change your contributions at any time	Once you elect your contribution amount during Open Enrollment, you cannot make a change except within 31 days of a qualified life event
You can be reimbursed only up to the amount that is in your HSA	You can be reimbursed for the full amount of your Health Care FSA annual contribution even if the money is not yet in your account
Account initially earns interest; when the balance reaches a certain amount you can direct funds into investment options	There is no interest, and there are no investment options

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The following table summarizes key features of the High Deductible PPO medical options.

High Deductible PPO Summary of Key Features		
<b>Plan Administrator and Network</b>	<ul style="list-style-type: none"> <li>• Anthem (PPO network)</li> </ul>	
<b>Health Savings Account (HSA)</b>	<ul style="list-style-type: none"> <li>• In 2020, you can contribute pre-tax up to:               <ul style="list-style-type: none"> <li>– Employee Only: \$3,550</li> <li>– Employee + Family*: \$7,100</li> </ul> </li> <li>• If you're age 55 or older, you can contribute an additional \$1,000 annually.</li> <li>• Unused dollars roll over to the next year.</li> <li>• HSA funds are invested in a fixed-interest account that earns interest tax-free.</li> <li>• If you leave Caltech you can keep your account and use it at any time for qualified health care expenses. Refer to <a href="http://www.irs.gov/pub/irs-pdf/p502.pdf">IRS publication 502</a> for details (<a href="http://www.irs.gov/pub/irs-pdf/p502.pdf">http://www.irs.gov/pub/irs-pdf/p502.pdf</a>).</li> </ul> <p><i>Note: Contribution limits are prorated if you enroll midyear.</i></p>	
<b>HSA Reimbursable Expenses</b>	<ul style="list-style-type: none"> <li>• Your HSA can be used for any qualified health care expenses allowed by the IRS, including medical, dental, vision and prescription drug expenses. See <a href="http://www.irs.gov/pub/irs-pdf/p502.pdf">IRS publication 502</a> for details (<a href="http://www.irs.gov/pub/irs-pdf/p502.pdf">http://www.irs.gov/pub/irs-pdf/p502.pdf</a>).</li> <li>• Your HSA can also be used for any non-health care expenses; however, the money will be taxed and may be subject to a penalty.</li> </ul>	
<b>Preventive Care</b>	<ul style="list-style-type: none"> <li>• The Plan pays 100% for preventive care received through in-network providers (with no deductible and no limit).</li> <li>• Preventive care includes routine physical exams and associated lab work, immunizations, and routine testing such as mammograms and colonoscopies.</li> <li>• You can receive preventive prescription drug on the <b>PreventiveRx drug list</b> before you meet the annual deductible.</li> </ul>	
<b>Annual Deductible</b>	<b>HDHP 2800</b> <ul style="list-style-type: none"> <li>• Per Person: \$2,800</li> <li>• Family Maximum: \$5,600</li> </ul>	<b>HDHP 1400</b> <ul style="list-style-type: none"> <li>• Employee Only Coverage: \$1,400</li> <li>• Employee + Family Coverage: (1 or more dependents): \$2,800</li> </ul>
<b>Coinsurance</b>	<p>When the deductible is met:</p> <ul style="list-style-type: none"> <li>• The Plan pays 80% of your cost for covered medical services and prescription drugs each time you receive care from an in-network doctor, hospital or other provider. You pay the rest up to the annual out-of-pocket maximum.</li> <li>• If you choose to receive care from an out-of-network provider, the Plan pays 60% of the Anthem negotiated charge. You pay the rest up to the annual out-of-pocket maximum.</li> </ul>	
<b>Annual Out-of-Pocket Maximum</b>	<p>Once you reach the out-of-pocket maximum* (which includes the annual deductible), the Plan pays 100% of your eligible expenses for covered services:</p> <ul style="list-style-type: none"> <li>• Per Person: \$4,000 in-network, \$8,000 out-of-network</li> <li>• Family Maximum: \$8,000 in-network, \$16,000 out-of-network</li> </ul>	

\*Except for non-covered services or supplies or out-of-network claims that are in excess of the maximum allowed amount.

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## For More Information

**ANTHEM** (for more information about the plan, what's covered, participating providers, claims and ID cards)

[anthem.com/cal/caltech](https://anthem.com/cal/caltech)  
(866) 820-0765

**HEALTH EQUITY** (HSA administrator)

[healthequity.com](https://healthequity.com)

### ANTHEM CONCIERGE

#### On Campus

Keita Heckard  
[kheckard@caltech.edu](mailto:kheckard@caltech.edu)  
(626) 395-6628

On campus in the HR Building

#### At JPL

Vida Techachaiponpoj  
[vidat@jpl.nasa.gov](mailto:vidat@jpl.nasa.gov)  
(818) 354-7790

Onsite at JPL, T1720

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*This Guide provides only highlights of your benefits. It is not a contract. It does not change the terms of your benefit plans or the official documents that control them. Consult the individual plan booklets for specific details of benefit coverage. To permit a brief summary of benefits and services, use of actual contract language has been minimized. This summary comparison does not replace the legal documents that establish the plans. Final interpretation of any provision of the plans will be governed by the master policies and service agreements, which are on file in the office of the plan administrator. Caltech reserves the right to change, suspend or terminate its benefits programs, in whole or in part, at any time and for any reason.*