Your Health. Your Decisions.

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Transitioning to Medicare?

If you are approaching age 65, you'll want to start learning about Medicare, the government-sponsored health insurance program for those 65 and older. You can have Medicare coverage along with other insurance.

It's important to sign up for Medicare Part B right when you become eligible. This will help you avoid a penalty.

Medicare has different offerings that cover different services. You can choose the options that best meet your needs.

- Medicare Advantage (previously know as Part C) includes services covered by parts A and B. Part A is hospital insurance. It covers inpatient hospital stays as well as care in short-term skilled nursing facilities after qualifying hospital stays. In addition, it covers some home health and hospice care. Part B is medical insurance that helps pay for medical services, home health care, medical equipment, and preventive services.
- Part D helps cover the cost of prescription medications.

Open Enrollment Season Starts Soon

Time to Match Your Plan with Your Needs

It's that time of year: Open Enrollment. Now's the time to make sure your health insurance plan matches your health care needs. You can typically make changes only once a year (unless you've experienced a qualifying life event, such as a job change or birth of a child). However, because of the coronavirus pandemic, you may have already had a chance to make changes to your health plan this year. Open Enrollment will give you another chance to determine whether your insurance plan is meeting your needs.

Health insurance plans and network types can be confusing, but understanding them is critical to determining which plan is best for you. Here's an overview of the types of health plans that are most commonly offered by employers:

Health maintenance organization (HMO) plans offer care through a network of providers that contract with the health insurer. You select a primary care provider (PCP) from the network for regular checkups. If you want to see a specialist—such as a dermatologist (skin doctor) or physical therapist—you need a referral from your PCP. If you choose to use an out-of-network provider, you may be responsible for the full cost of the services you receive (except in the case of emergency care).

Preferred provider organization (PPO) plans offer care through both in- and out-of-network providers; however, you may pay less if you use participating providers. You don't need a referral to see specialists.

Point-of-service (POS) plans are hybrids of HMOs and PPOs. You need a referral from your PCP to see a specialist, but you can see out-of-network providers at a higher cost.

High-deductible health plans (HDHPs) have lower monthly premiums and higher deductibles than traditional plan options. The Internal Revenue Service (IRS) defines HDHPs as those with a deductible of at least $1,400 for an individual or $2,800 for a family. After the deductible is met, the insurance company begins to pay its share for covered health care services.

The advantage to HDHPs is that they can be combined with *health savings accounts (HSAs)*. An HSA is a type of savings account that lets you set aside pre-tax money to pay for medical expenses. For 2021, individuals can contribute up to $3,600 and families can contribute up to $7,200. Members who are 55 or older are allowed to contribute a $1,000 catch-up contribution per year.

Unspent HSA funds roll over from year to year. If you leave an employer or switch to a traditional plan, you can continue to use your HSA. Your employer may also contribute to your HSA.

Health Reimbursement Arrangements, (HRAs) can also be linked

COVID-related changes to medical savings accounts

The Coronavirus Aid, Relief, and Economic Security (CARES) Act added over-the-counter medicines (without a doctor's prescription) and menstrual care products as medical savings account eligible expenses. This change may be time-limited so be sure to check changes to your spending account before purchasing these products.

The CARES Act also allowed for midyear changes for FSA participants. Eligible employees were given a one-time opportunity to enroll in, withdraw from, or change their FSA elections for the 2020 calendar year. The carry over limit from 2020 to 2021 was also increased from $500 to $550.

The information contained in this newsletter is for general, educational purposes. It should not be considered a replacement for consultation with your healthcare provider. If you have concerns about your health, please contact your healthcare provider.

with HDHPs. HRAs are owned and funded by an employer. Each year, a fixed amount is deposited into the account as a tax-free reimbursement for medical expenses. Unused amounts can roll over from year to year but are lost if you leave your job with the employer that owns the HRA.

HRAs and *Flexible Spending Accounts (FSAs)* can also be linked to other types of plans. FSAs are set up by employers for employees to pay medical expenses or dependent/childcare.

The first step is to estimate your health and dependent care expenses for the year (up to the maximum annual contribution allowed by the IRS). You will then fund the spending account by paying an equal portion of your pre-tax income into it each pay period.

At the end of the year, you'll lose any unused funds so it's important to accurately estimate your costs. If you leave your job with the employer who operates your FSA, you will lose any unused funds.

Get the details!

No matter what health insurance plan you choose, you'll want to have a good understanding of the details. Be sure to ask the following questions before choosing a plan:

- Which providers are in the plan's network? Will you have to change providers or pay more to continue to see an out-of-network provider you like? This newsletter has some tips about avoiding expenses by unknowingly using out-of-network providers.
- What are the deductibles for individuals and families and what expenses count towards those deductibles?
- Does the plan have copays or *coinsurance* (the percentage of costs you must pay after your deductible is met)? How much is the copay and what percentage is the coinsurance?
- What is the *out-of-pocket maximum* (the most you will pay for covered healthcare expenses in a plan year)? This amount includes deductibles, copays, and coinsurance, but not premiums.
- Are you eligible for an HSA, HRA, or FSA? These accounts are designed to help you save money and exercise more control over how your healthcare dollars are spent. If you choose to open one of these accounts, be sure to consult your plan's list of eligible expenses and follow any other guidelines set by the plan.

The power of prevention

Preventive care is powerful. It can help your PCP catch problems early, when they may be easier—and less costly—to treat. Preventive care includes immunizations and screenings for cholesterol, blood pressure, cancers, and other potential risks. Many plans cover preventive care at no out-of-pocket cost to you. Are you and your family members up-to-date on your preventive care?

Don't forget!

During Open Enrollment, be sure to verify that your phone number, email address, and mailing address are correct! Keeping your insurer informed about changes to your contact information will help avoid unnecessary coverage delays or difficulties.

How can KnovaSolutions help?

KnovaSolutions is available to help you understand your health care—and that includes understanding your health plan. Let us know how we can help! Give us a call at **800/355-0885.** Clinicians are available Monday to Friday, 8 am-8 pm, MST.