

## **Paying Out-of-Pocket Costs for Medical Services** **in VEHI's New Health Plans**

This document provides general guidance to employees on how out-of-pocket (OOP) costs – copayments, deductibles and co-insurance – are processed and should be paid for medical services. Please see your district HR staff or contact the district's Third Party Administrator (TPA) for information specific to your situation.

- Third Party Administrators (TPAs) like Future Planning Associates and Health Equity manage health spending accounts. Check with your district's HR staff to determine if you have one or more of these accounts, who the TPA is, how to access the funds, and the HRA terms where applicable.
- You were likely given a fair amount of information about an HRA, HSA and FSA, with appropriate applications, when you elected coverage in one of your district's health plans. But it can still be challenging to understand how health spending accounts relate to OOP costs and bills until you have had some experience using them. So, don't be hesitant to ask for assistance from your central office HR staff, your district's TPA, or BCBSVT.

**Important:** This document does **NOT** address the payment of OOP costs for pharmaceutical claims. We will address that situation in separate guidance.

1. Remember: all VEHI health plans have a maximum cap on medical (and pharmaceutical) services combined in a calendar year (January – December). The maximums for the Gold CDHP, where most school employees are enrolled, are \$2,500 for single coverage and \$5,000 for two-person, parent/child[ren] and family coverage.
2. **Copayments** can be requested of you at the time of service under the terms of the reimbursement contract that network providers have with BCBSVT. (In the Gold CDHP there is only ONE service with a copayment (\$20), and that is the vision exam.)

If your **school district** is obligated to pay first-dollar, OOP costs through an HRA, you **may** not have to make a copayment at the time of service. If you pay the copayment to the provider, and the district's HRA later pays the provider the copayment for the same service, the provider will then have to reimburse you. You can explain this to the provider's office and save the staff the trouble of getting paid twice for the same service and then having to reimburse you at a later date. In most cases, the provider will waive the copayment at time of service.

If **you** (not the school district) are obligated to pay first-dollar, OOP costs and have an HRA, and you are asked to make a copayment at time of service, you can explain to the provider's office that you have an HRA with your employer and would prefer to wait until

after a claim has been processed and a bill issued to make any co-payment, and, thus, avoid a double billing problem that might arise, particularly if you have already met your OOP cost obligation. This approach would also ensure that you did not pay for a preventive service that comes with no cost-sharing for employees. But, again, providers do have the right to ask for a copayment at the time of service.

3. **Deductible and/or coinsurance charges** owed are generally not due until after a claim has been processed.

Please note, however, that if a planned service is going to trigger all or most of your deductible/co-insurance obligation – like a major surgery – some providers may ask you to pay a portion of the total cost in advance (a kind of deductible “down payment,” which will be credited to any future bill). This is not common, but it could happen. You are free to negotiate a different arrangement if you wish and the provider is amenable.

### **After a claim has been processed and reimbursement to the provider from VEHI has been determined**

- After a claim is processed, you will receive a **bill** from the provider and an **Explanation of Benefits** from BCBSVT, which will allow you to determine the amount due to the provider. Please keep both in your personal files.
- Timing can vary as to which of these documents are received first. After you receive both, compare the amounts owed according to the EOB and on the provider’s bill, and if they do not match or you have questions, contact BCBSVT Customer Service (800-247-2583).
- If an amount is due to a provider, **before you make a payment**, you should determine if there is a health care spending account (established through collective bargaining where applicable), such as an HRA, FSA or HSA, or a combination of an HRA and FSA, to help cover the cost.
- Because of the timing, it is not unusual to receive a bill from a provider that should and will be paid eventually by a health care spending account; therefore, if this happens, it is wise **to wait** for a second bill.

If a **second bill** arrives, before you make a payment that you believe should have been covered by a health care spending account (HRA, FSA or HSA), call your district’s TPA to get clarity on the bill and confirm if you should pay it.

### **If you have access to a Health Reimbursement Arrangement (HRA) only**

- You can access a school district’s HRA funds according to the terms of your district’s HRA document (these terms, typically, are determined in collective bargaining and set in your collective bargaining agreement; see your district’s HR staff or local union leader for guidance if you need assistance).

- Some HRAs do not provide funds until employees pay a set amount first. (This, too, will be in your collective bargaining agreement if applicable.) In these cases you will need to pay the provider the amount you owe.
- If Future Planning Associates or Health Equity is the TPA, BCBSVT provides claims information directly to them on your behalf.
- Most HRAs are set up to automatically pay the provider per the terms of the HRA. Therefore, if the HRA covers the employee's cost (in part or in full), the appropriate funds will be sent by the TPA directly to the provider on your behalf. You should check with the district HR staff if you are not certain that there is an auto payment feature. (This is another reason why you should **not** pay a medical bill at the doctor's office. Auto-payment is a simple and efficient way to pay a doctor or hospital, and, if available, will avoid duplication of payment by you and your district's TPA. Doctors' offices are very familiar with how this system works.)
- You may still be responsible for a portion of the provider's bill after HRA funds are used, depending on how the reimbursement arrangement is set up in your collective bargaining agreement or employment contract. Be sure to pay the provider any amount the HRA does not cover, once you are sure of what that is.
- Be sure to register to gain access to your district's online HRA portal, administered by the TPA, to monitor HRA payments.

**If you have both an Health Reimbursement Arrangement and a Flexible Spending Account (FSA)**

- If you are required to pay out-of-pocket costs before your district's HRA makes medical payments on your behalf, you may have elected to fund your out-of-pocket cost exposure in part or in full through a Flexible Spending Account (FSA). (You can also use an FSA for items not covered by the health plan, but are allowed as a Qualified Medical Expense under the IRS rules).
- If you chose not to contribute to an FSA, you will not have access to an FSA until your next open enrollment period.
- If you did choose to contribute to an FSA, you can access the full amount of your FSA to pay for qualified medical expenses on the first day of the plan year (contact your employer to confirm the date), even though your contributions to the FSA are deducted from your wages over the course of the full year.
- If you have an HRA that pays first dollar, the HRA will be available immediately and your FSA dollars will not be used for services covered by your health plan until your HRA has been exhausted.

- If your HRA and FSA are managed by the same TPA, the TPA can coordinate payments to providers. You can also access your FSA, like your HRA, through an electronic portal. Check with the TPA and district HR staff to confirm the specifics. In the case of Future Planning Associates, for example, if you must pay first for OOP costs up to a set amount, it will deduct funds from your FSA first to cover your portion of any medical bills. Future planning will ask you to confirm that you would like to use your FSA dollars to pay for services to be sure you are using them the way you intend to.

#### **If you have a Flexible Spending Account only**

- Again, you must elect to contribute to an FSA at open enrollment to have an FSA.
- You can access the full amount of your FSA on the first day of the plan year (contact your employer to confirm the date), even though your contributions to the FSA take place over the course of the full year through payroll deductions.
- Contact your district HR staff or TPA to understand how to access your FSA funds.
- You may be eligible for an FSA debit card, depending on the TPA and the arrangement worked out by your school district.

#### **If you have a Health Savings Account (HSA) only**

- If you have an HSA with sufficient funds in it, you can choose to set up the account to automatically pay the provider, then the provider will be paid from the account. (Please note that there is a \$3.00 charge to send a check to a provider with Future Planning, and an auto-pay feature is not available).
- If you do not have auto-pay you can pay yourself and pay the provider directly.
- You can access your HSA information via a TPA's portal to track claims and HSA dollars.
- If your HSA does not have sufficient funds to pay any or all of the medical bill due, you must make payment arrangements with the provider. You can reimburse yourself from the HSA in the future, once funds are available.
- More information on HSAs and how they work can be found at <https://www.irs.gov/credits-deductions/individuals/health-savings-account-hsa-at-a-glance>

#### **If you do NOT have a Health Care Spending Account**

- If there is no HSA, FSA or HRA available, you must pay providers directly by cash, check or credit card.
- If desired, you can discuss payment plan options with your providers.