

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

This guidance is a general overview of how pharmacy costs will be paid for in VEHI's new health plans. It is relevant to all employees enrolled in the new plans, but particularly for those in the CDHP plans (Gold and Silver), which require deductible and co-insurance charges for all tiers of drugs (generic, preferred and brand). Wellness drug prescriptions, however, which include diabetic medications, are **not** subject to cost-sharing by employees. Find a list of CDHP wellness drugs at [www.bcbsvt.com/wellnessrx](http://www.bcbsvt.com/wellnessrx).

Please see your district HR staff or Third Party Administrator (TPA) for information specific to your situation.

When you go to a pharmacy, the cost of a prescription is due when it is picked up, until the VEHI maximum out-of-pocket cost is met. The pharmacy has no way of knowing the cost-sharing terms in your collective bargaining agreement, or if you have an HRA, HSA or FSA to help cover your costs unless you have an active debit card. And unless you have a debit card from one of these accounts that has been activated to cover OOP costs, you must pay for the cost of a prescription using cash, check or credit card and then receive reimbursement if eligible.

Remember, all VEHI health plans have a maximum cap on pharmacy costs during each calendar year (January – December). The maximum amounts for the Gold and Silver CDHP are \$1,350 for single coverage and \$2,700 for two-person, parent/child[ren] and family tiers of coverage; the maximum amounts for the Platinum and Gold Plans (non-CDHP) is \$1,300 per individual and \$2,600 per two-person, parent/child[ren] or family coverage.

### **If you have 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 TPA for assistance).

- If the **HRA pays first (meaning your school district pays first)**, you will typically have a debit card to use at the pharmacy up to the maximum HRA dollars provided. If all school district funds on the HRA debit card have been used, and you still have further pharmacy costs, you must pay by cash, check or credit card until you meet the VEHI maximum out-of-pocket exposure.
- If you, the employee, must **pay first**, and **you have a debit card** but have not met your first-dollar, out-of-pocket obligation entirely or reached your VEHI maximum out-of-pocket exposure for pharmacy costs, you will have to pay for any prescription cost by cash, check or credit card to pick up the prescription. If a portion of what you paid is over your first-dollar obligation, you will be reimbursed by your school district's Third Party Administrator (TPA) from HRA funds once the claim has been processed.

If the TPA is Future Planning Associates, once you have met your out-of-pocket responsibility, your Future Planning HRA debit card will be **activated** and you can use

the debit card to pay for your future prescriptions from the district's HRA funds. If your district uses a different TPA, check with your district HR staff to see if this feature is available.

- If you must **pay first** but **do not have a debit card**, you will have to pay for the full amount of the prescription up to the VEHI maximum out-of-pocket exposure for pharmacy costs. Once eligible for reimbursement by the HRA, you will have to submit pharmacy receipts to the TPA for reimbursement. Check with your district's HR staff to see what system has been set up to facilitate this.
- Remember to sign up for your school district's HRA online portal managed by your district's TPA so you can monitor HRA payments.

### **If you have an Health Reimbursement Arrangement with a Flexible Spending Account (FSA)**

- When an HRA requires you to pay some portion of out-of-pocket costs, you may elect to fund your out-of-pocket exposure, in part or in full, through an FSA.
- To do this, though, you must first elect to contribute to an FSA during your district's open enrollment period. If you chose not to contribute, you will not have access to an FSA until your next open enrollment period.
- 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 your HRA and FSA are managed by the same TPA, the TPA will coordinate payments to providers from both accounts. 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.
- When the TPA is Future Planning Associates (FPA), if you must pay first for OOP costs up to a set amount, FPA will deduct funds from your FSA first to cover your portion of any pharmacy costs. You will have a joint FSA-HRA debit card for this purpose.

### **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 to understand how to access your FSA funds. Some FSAs come with a debit card you can use at the pharmacy. Others require employees to pay at the pharmacy and send receipts to a TPA for reimbursement from the FSA.

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

- If you have an HSA, you will have a debit card. The debit card can be used at the pharmacy, provided your HSA has sufficient funds.
- If the HSA does not have sufficient funds to pay any or all of the payment due, you must pay for prescriptions with cash, check or credit card. You can reimburse yourself from your HSA at a future date when funds are available.
- You can access HSA information at the TPA portal to track funds and payments.
  - 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 you do not have an HSA, FSA or HRA, you must pay pharmacies directly by cash, check or credit card.