

HSA Plans Prove Economical for Many

Combining tax deductible contributions and low premium rates, the combination of Health Saving Accounts (HSAs) and High Deductible Health Plans (HDHPs) contains the promise of both lower-cost medical insurance and tax benefits. Nevertheless, these plans, which are designed to work in concert, are not for everyone. Here's what you need to consider when evaluating an HSA-eligible plan for yourself or as a benefit option for your employees.

The law that created tax-sheltered HSAs was enacted by congress in 2003 with the

dual intention of providing less expensive healthcare choices and increasing consumer awareness of the actual cost of medical services. To fulfill these goals, the law mandates use of an HDHP that features high minimum deductibles. In 2009 the minimum deductibles for qualifying plans are \$1,150 for individuals and \$2,300 for family coverage. Keep in mind that these amounts represent a subscriber's minimum out-of-pocket expenses before any health plan coverage kicks in. Many plans, however, feature much higher deductibles,

sometimes matching the maximum tax-deductible HSA contribution of \$3,000 for individuals and \$5,950 for families.

To offset these high deductibles, congress authorized a health-related fully portable tax-exempt trust or custodial account that resembles an IRA, the Health Savings Account. It can be funded with pre-tax earnings and accumulate interest tax-free. Savings in an HSA can be carried over from year to year and used for qualified expenses that include medical deductibles and co-pays, COBRA coverage, long-term

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GIT Offers Wider Range of Medical Plans

December 31, 2008 marks the ProtectPlus open enrollment deadline for employers to add or delete plans, make changes to the probationary period for new employees, or change the minimum number of hours employees must work each week in order to be eligible for benefits. Open enrollment is also the time when plan participants can add dependents or change healthcare plans.

Although firms may enroll in Group Insurance Trust medical plans at any time, this is a great opportunity to consider the Trust's full range of choices: eight Protect-

Plus copay plans, two HSA eligible plans, and two Anthem Blue Cross HMO plans. The open enrollment period is also the time when firms may enroll in the Delta Dental plan. Information on all of the Cal-CPA endorsed health and welfare plans is available at www.cpaprotectplus.com.

Designed to provide a choice of benefits at affordable prices, the ProtectPlus co-pay plans feature graduated co-payments for office visits and hospitalizations, different deductible levels, and a range of maximum out-of-pocket expenses. Protect 10 offers the highest level of coverage with a \$10

co-pay per office visit and an annual out-of-pocket maximum of \$2,500. Protect 15, 25, 35, and 45 have increasing co-pays, coinsurance, and deductibles with lower premiums. All the plans provide the same generous prescription drug benefits.

Almost every year the Group Insurance Trust makes changes and adjustments in plan design to improve its offerings and better reflect the medical needs of its members. This year the GIT is offering two new "enhanced" copay plans—Protect 15 Enhanced and Protect 35 Enhanced—with added preventive benefits to encourage

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A Note from Susan Young, Executive Director

Founded in 1959 and boasting a history of remarkable achievements, the Group Insurance Trust is rapidly approaching its 50th anniversary. Throughout the intervening years the Trust has been dedicated to providing high-quality, cost-effective group health and welfare programs to owners and employees of CalCPA-member firms. These goals have been achieved by leveraging the bargaining power of a large group to obtain competitive prices for the many small employers that make up the bulk of its membership.

In 1997 the California Department of Insurance licensed the GIT to operate as a Multiple Employer Welfare Arrangement, and the Trust launched the self-insured ProtectPlus line of health plans. The GIT also provides access to self-insured dental and vision plans as well as fully insured HMOs, life insurance, and disability policies.

Of course, at the center of the Trust's offerings, is the ProtectPlus family of health plans. Designed by CPAs for CPAs and available to firms of all sizes, this is your

CalCPA-endorsed healthcare plan. If you haven't yet considered switching to one or more of these plans, now is the time to take a closer look. You will find competitive rates, a large portfolio of plans, a dedicated staff to serve you, and one of the largest provider networks in the state through Anthem Blue Cross.

Here's a chance to deepen your connection to the organization that serves you and at the same time take advantage of a first-class health plan. If you would like a no-obligation quote, call Tom Kowalski, sales manager for the Group Insurance Trust, at (650) 802-2406. If you work with a broker, have your broker call Tom. ♦

Trust Medical Plan Offerings

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members to treat health issues promptly rather than delay out of the desire to save out-of-pocket expenses. The ProtectPlus enhanced plans waive the deductible for the first six in-network doctor appointments per calendar year, whether for medical or mental and nervous outpatient visits. The Trust has also added preventive benefits to its HSA plans, Protect HSA \$2,850 and Protect HSA \$1,500. For both these plans in 2009, the plan will pay the first \$250 of in-network preventive care exempt from the annual deductible.

ProtectPlus is also implementing a new specialty pharmacy program for members who use certain biotech drugs that are prescribed for specific rare and chronic diseases such as rheumatoid arthritis, hepatitis C, and multiple sclerosis. This

program will carefully monitor the use of these drugs and provide guidance to patients for their optimal use. Both the co-pay plans and HSA-eligible plans will cover 70 percent of the negotiated fee for these medications when obtained through Specialty Rx, but, of course, the deductibles differ greatly.

The GIT has made one further change that affects only the Protect 10 plan. The annual out-of-pocket maximum for out-of-network providers is increasing from \$3,000 per year per member to \$5,000 for 2009.

On a different front, federal rules have increased the "catch up" provision for HSA-eligible plan subscribers who are at least 55 years old. These members can

make an additional \$1,000 tax-deductible contribution above the 2009 limit, which is \$3,000 for individuals and \$5,950 for families.

Finally, the GIT has announced that rate increases for the ProtectPlus and HSA plans will be in the single digits and thus significantly less than industry average for the sixth consecutive year. ProtectPlus policyholders will see an average seven percent rate increase, while the average increase for Anthem Blue Cross HMO subscribers will be 14 percent. Keep in mind that these numbers are in fact averages. Your rate changes may be higher or lower depending on your place of residence and age. ♦

CPA Focus is published by The Group Insurance Trust of the California Society of Certified Public Accountants. Questions regarding the contents of CPA Focus may be addressed to:

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Trustees Provide Guidance, Oversight

Most subscribers to ProtectPlus and other insurance plans offered by the Group Insurance Trust have probably had helpful direct dealings with the professional staff. Many have developed personal relationships on the phone, at the annual meeting, or at CE weeks. Few CalCPA members, however, know very much about the critical role played by the Group Insurance Trust board of trustees. Obviously, where there is a trust there must be trustees, but who are they? What do they do? And, how did they get to be trustees anyway?

When the Group Insurance Trust was formed in 1959, a Trust Agreement outlined the governance of the organization. This Agreement was modified in 1997 to accommodate the Trust's new role of offering self-funded health insurance through a Multiple Employer Welfare Arrangement, and a set of policies and procedures was adopted in 1999 that prescribes board characteristics, responsibilities and duties.

The Policies and Procedures manual of the Trust stipulates a board of twelve trustees and their duties, which are to:

- Determine Trust policies and ensure that the operation and administration of the Trust is in accordance with the requirements of the Trust Agreement
- Establish, and provide oversight, to the policies covering the investment and administration of all monies and other property
- Assist Trust management in the selection and subsequent oversight of major vendors and contractors
- Establish and maintain permanent and temporary committees
- Appoint the executive director
- Establish and communicate duties and performance standards against which the executive director will be evaluated

In addition to these global duties, board members must serve on one or more of three committees—audit; claims and plan design; finance and investment. Each committee meets regularly and is responsible for providing substantive oversight and guidance.

CalCPA and the Trust have been fortunate in boasting a history of qualified

and dedicated trustees. Trustees serve for three-year terms and can serve for multiple terms. Since the terms of trustees are staggered, each year four positions are up for election. CalCPA and the board chair review potential candidates and select nominees for the open positions. The current Board of Trustees is comprised of the following CalCPA members: Gale Case, chair, Gary Capata, Nancy Chandler, John Dodsworth, Charles Gielow, Pamela Hunter, Nai Hwang, Howard Levine, James Malone, James McDonald, John Phillips, and Stuart Weinstein.

In addition to trustees, the Trust rules allow for the appointment of committee members who can help with specific tasks. The guidelines also specify that appointed committee members should be knowledgeable and experienced in issues related to the administration of the Trust, are preferably with a firm that holds a Trust policy, and have been active members of CalCPA. If you have any interest in serving on a board committee, please inform the trust's executive director, Susan Young, so that you can be considered when an opening occurs. ♦

The HSA Choice

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care insurance, Medicare premiums, and even items not usually covered by medical insurance such as over-the-counter drugs.

Very different in certain ways from what we have come to think of as a comprehensive medical plan, subscribing to an HDHP while creating an HSA to cover smaller expenses looks a lot like buying homeowner's insurance. Just as most homeowners never have a claim on their fire insurance policy, healthy subscribers could easily go years without ever collecting

benefits from their HDHP, and they pay out of pocket for their medical expenses from the very first dollar. Nevertheless, even while meeting all their medical expenses directly, they can still save money through the significantly lower premiums of their HDHP. Moreover, by fully funding an HSA, they can pay out-of-pocket expenses with pre-tax dollars and can accumulate savings tax free to cover any higher expenses and co-pays they might encounter in following years.

Though no one can assume that they will forever remain immune from health problems, the best candidates for such plans are, naturally, those who are younger and

healthier. If you are likely to go for some years without needing more than the minimum in checkups and preventive care, then you can enjoy the low premiums of an HDHP while building up enough funds in your HSA to cover the deductibles when you need them. For 2009, the maximum annual HSA contribution for an eligible individual is \$3,000. For family coverage, the maximum annual HSA contribution is \$5,950. As an incentive to older workers who would like to subscribe to an HSA, federal law allows an extra \$1,000 catch up contribution every year from age 55 on.

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CalCPA-Sponsored Plans

Get information now! For more information on the following CalCPA-sponsored plans, please complete this card and fax it back to **(650) 802-2249**.

Individual Plans

- Individual Term Life Coverage
- Individual Personal Accident Protection

Employer Group Plans

Information and premium rates for Employer Group Plans are available online at www.cpaprotectplus.com

- CPA ProtectPlus Health Plan

(Please indicate number of permanent employees working more than 20 hours per week _____.)

- Group Dental Plan
- Group Long-Term Disability Plan
- Group Term Life Plan
- Group Vision Service Plan

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For further information about
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Or fax this form to:

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The HSA Choice

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Although some people will purchase an HDHP just for the lower premiums and will not open an HSA account, to get the full benefit of the program you need to fund an HSA to cover those high deductibles. Unfortunately, in the short history of the program it has already become common for individuals who are looking to save money to enroll in an HDHP and fail to open or fund an HSA because they can't afford it. This leaves them on the hook for all their out-of-pocket expenses up to the deductible limit of their plan. Such people are not good candidates for these plans. Similarly, there are people who will resist going to a doctor if they have to spend the money out of pocket even if they can afford the expense and even if the money has already been put aside in their HSA. If this describes you, then

you should probably think twice before choosing an HSA-eligible plan.

The same considerations apply when HSA plans are offered to employees, but there are additional complications. One CalCPA member firm reports that its employees were very unhappy after it switched from a traditional co-pay plan to an HSA-eligible plan. Running the numbers, the firm determined that it would save money even after paying the full cost of its employees' premiums and at the same time fully funding employees' HSA accounts. For employees this meant that their actual out-of-pocket costs were approximately the same as they had been under a traditional co-pay plan. Nevertheless, the complaints were loud as employees found that they had to write checks out of their HSA accounts for every medical service. The firm's owner concludes that employees need to be extensively educated about HSAs before switching to such a plan. ♦

Contact and Plan Updates

Seabury & Smith is moving to new offices. After December 22, its new address will be: Seabury & Smith Insurance Program Management, 345 California Street, San Francisco, CA 94104. The toll-free telephone number, however, will remain the same, (800) 824-1154.

The Group Insurance Trust now has a standalone phone number, (800) 556-5771. You can use the new number to reach Trust staff, but current policyholders should continue to call Seabury & Smith for any claims or billing issues.

California Care HMO plans have been renamed and are now titled HMO Advantage 100 and HMO Value 80. Delta Dental will be issuing new ID cards shortly, and VSP has announced that it will change to more security-conscious member numbers. ♦



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