KPBSD Health Plan 4-Tier Rate FAQ

1. **What is a 4-Tier Rate Structure?**

- Employee Only ("Individual")
- Employee plus Spouse
- Employee plus Child/Children (without Spouse)
- Employee plus Spouse and Child/Children ("Family")

If you are enrolled in the KPBSD Health Plan, you pay a monthly contribution for your Medical, Dental, Vision, and Prescription benefit coverage. With a 4-tier rate structure, you will pay less for Employee Only coverage and the most for Family coverage. Below is the most current 4-tier rate estimate for the KPBSD Health Plan:

2. **May I remove my Spouse and/or Children from my Health Plan during Open Enrollment?**

Yes, you may remove your Spouse and/or Children from the KPBSD Health Plan at any time by marking "Drop" next to their name on the Health Plan Participant Enrollment Form. There is an extra consent form required to remove a Spouse from the KPBSD Health Plan for any reason other than divorce that must be signed and notarized as insurance coverage is considered a marital asset in the state of Alaska.

3. **If my spouse and I are both employed by KPBSD can each of us enroll with different tiers of coverage (Employee, Employee/Spouse, Employee/child, Family)?**

Yes, you may choose to enroll in different tiers of coverage. For example, one of you enrolling with Employee Only coverage and one of you enrolling with Family coverage. Please be aware there are some things besides the monthly contribution amounts that will be affected by this change.

- You will no longer be considered "Double Covered" under the KPBSD Health Plan.
  - Your Medical, Dental, & Vision claims will no longer be processed under both polices for your entire family. ***In this example, the spouse that enrolls with Employee Only coverage will be the only member to retain coverage under both KPBSD policies***.
    - For example, under the Medical Plan, you will lose the 20% benefit paid by the Secondary policy after your deductible has been met.
    - Under the Dental Benefit, you will lose the additional $2,500 Calendar Year Benefit under the Secondary policy.
    - Under the Vision Benefit, you will lose the 20% benefit paid by the Secondary policy towards eye exams, lenses, contacts, and frames.
    - Under the Prescription benefit, you will no longer receive a $0 copay for prescription medications. The standard copays will apply: Generic $5; Preferred $25; Non-Preferred Brand $50; Specialty $100.

4. **Am I eligible to decline the KPBSD Health Plan coverage?**

You may decline coverage if you have other health coverage ***outside of the KPBSD Health Plan*** that meets the minimum requirements of the Affordable Care Act (ACA). If you decline coverage, you pay no employee contribution.

If you are double covered within the KPBSD health plan because you are both a KPBSD employee and a spouse or dependent of a KPBSD employee, you may not decline coverage if you do not have other coverage outside of KPBSD.

DECLINING DENTAL/VISION COVERAGE: ***You may decline coverage in the dental/vision plan, but your employee contribution amount will not change.*** The dental/vision plan is separate from the medical and prescription plan. If you enroll in medical and prescription coverage, you are automatically enrolled in the dental/vision plan.

5. **How are the 4-Tier rates calculated by the Broker's actuary?**

Projected costs are calculated based on actual claims, which are adjusted to reflect credibility weighting, actuarial weightings, and industry trends, plus actual and estimated fixed costs. Once a total projected plan cost is reached, it is converted to a composite rate per employee per month (PEPM). This composite PEPM rate is then converted to 4-tier rates using projected enrollment and tier relativities that are based on industry ranges of cost for each tier. For example, an employee+spouse typically will incur 2-3 times the amount in claims that an individual employee will incur. An employee+child typically will incur about the same or a little less than what an employee+spouse will incur. Families incur the most in claims; typically around 3-4 times more than a single employee.

6. **Can I be reimbursed by my Health Savings Account (*HSA*) for qualified medical expenses for my spouse and children?**

In Publication 969, the IRS clarifies that you can withdraw tax-free money from your HSA to pay for qualified medical expenses for:

- Yourself
- Your spouse (regardless of whether you file taxes jointly or separately)
- Any dependents you claim on your tax return (your children, or a qualifying relative dependent) and any children who are claimed on your ex-spouse's tax return (this only applies when the parent claims the children that same tax year)
- Anyone you *could* have claimed as a dependent, but weren't able to because he or she
    - filed a joint tax return (for example, your married teenage kid who files a joint return with his or her spouse)
    - earned more than $4,300 (in 2020), or you (or your spouse, if you file jointly) could be claimed as a dependent on someone else's tax return.
- As long as the person is in one of the above categories, you can reimburse yourself for the cost of their qualified medical expenses with tax-free money from your HSA. It doesn't matter whether the person was covered under your HDHP, or even whether they had health coverage at all.

7. **Can I be reimbursed by my Health Reimbursement Arrangement (*HRA*) for qualified medical expenses for my spouse and children?**

You may be reimbursed from your HRA to pay for qualified medical expenses for:

- Yourself
- Your spouse (must be legally married at the federal level - domestic partnerships, common law marriages, or marriages that are only recognized at the state level don't meet the requirements to allow for expenses to be reimbursed)
- Dependent Children: A person generally qualifies as your dependent for purposes of the medical expense deduction if the following conditions are met:
    - They are your son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister, half brother, half-sister, or a descendant of any of them (for example, your grandchild, niece, or nephew)
    - Note: A legally adopted child is treated as your own child
    - ***AND also meet one of the following:***
    - They are under age 19 at the end of the previous year and younger than you (or your spouse if filing jointly)
    - They are under age 24 at the end of the previous year, a full-time student, and younger than you (or your spouse if filing jointly)
    - Any age and permanently and totally disabled
    - They live with you for more than half of the year
    - They don't provide over half of his or her own support for the year
    - They don't file a joint return, other than to claim a refund

For purposes of the medical and dental expenses deduction, a child of divorced or separated parents can be treated as a dependent of both parents. Each parent can include the medical expenses he or she pays for the child, even if the other parent claims the child's dependency exemption, unless the child is in the custody of one or both parents for more than half the year.

If your child is over 18 years old, they must *not* meet either of the following criteria:

- They received gross income of $4,200 or more in the previous year
- They filed a joint return in the previous year

8. **If my spouse and I are both employed by KPBSD can one of us enroll in the HRA plan and the other one enroll in the HSA plan?**

No, under HSA rules, if you are covered by more than one medical plan, each plan must be HSA-qualified coverage. According to IRS guidelines, you cannot have coverage under both our HRA and our HSA Plan as our HRA plan is ***not*** an HSA qualified plan. You would both need to elect the same plan.