High Deductible Health Plan with Health Savings Account Overview

McClatchy's Savings Advantage plan is a High Deductible Health Plan (HDHP) offered with a Health Savings Account (HSA). The plan's two components – a High Deductible Health Plan and a Health Savings Account – can be used together to create a cost effective health plan option for many people.

What is a High Deductible Health Plan (HDHP)?

The HDHP is the medical insurance component of the Savings Advantage plan. Similar to the Classic Care plan the HDHP completely covers preventive care when you use in-network providers. This means that services like routine physicals, immunizations and well-woman exams will be covered at 100% by the plan. You will not need to satisfy the deductible before receiving coverage for these preventive services.

In order to be HSA-compatible, the Savings Advantage plan (HDHP) has a deductible that meets IRS requirements. The deductible is your responsibility, and you'll need to pay 100% of the fees for doctor's visits, prescriptions, and any other services not covered under preventive care until you reach your deductible for the year. The plan is called a high deductible health plan for a reason – the deductible will be higher than many traditional medical plans. But the higher deductible is partially offset by lower payroll premiums as well as McClatchy contributions to the HSA (see below).

Once you have paid the deductible, the plan's coinsurance will pay for a portion of your medical costs. The Savings Advantage plan also has out-of-pocket maximums that include your in-network deductible, copays, coinsurance and prescription drug expenses. If you reach the out-of-pocket maximum, the medical plan will then cover 100% of in-network expenses.

What is a Health Savings Account?

A Health Savings Account (HSA) is an account used to pay for qualified medical, dental and vision expenses, such as doctor fees and prescription drug expenses. Employees can make contributions to an HSA on a pre-tax basis through payroll deductions only if they are enrolled the Savings Advantage plan. McClatchy will also make a company contribution into employee HSA accounts on behalf of employees who enroll in the Savings Advantage plan.

The money in your HSA is yours to keep. This is true for both your HSA contributions and any HSA contribution made by McClatchy to your account. Unlike a Flexible Spending Account (FSA), there is no "use-it-or-lose-it" rule with HSAs. If you don't use the funds, they remain in your HSA and roll over to the next year. You can take unused balances with you if you switch medical plans, retire or leave the company. Contributions made to your HSA are always available to you to pay for qualified health care expenses.

The Health Savings Account offers tax advantages and long-term savings opportunities. Your HSA balance will earn interest and you can also invest the funds in your HSA account once you reach certain minimum balance requirements. This gives you the potential for long-term, tax-free growth and savings.

An HSA offers “triple” tax savings:

- Pre-tax or tax-deductible savings – your contributions into your HSA are generally tax-deductible.
- Tax-free interest and investment earnings – your account balance can grow tax-free!
- Tax-free distributions – the money you take from your HSA account to pay for qualified medical expenses is not taxed.

Each year the IRS sets HSA contribution limits. These limits are the maximum contributions that can be made to your HSA for the year, including both employee and any company contributions. For 2018, the limits are:

- $3,450 for employee only coverage
- $6,850 for family coverage (i.e. employee and at least one dependent)

Additionally, if you are 55 and older you can contribute an additional $1,000 to your HSA as a “catch-up” contribution.

How do the HDHP and HSA components work together?

You can start each year using your HSA account balance to pay for eligible expenses that apply towards the deductible. Once you satisfy the deductible, the plan’s coinsurance will share costs with you. You can use any remaining HSA balance to pay for your share of these costs. Once you reach the in-network out-of-pocket limit, the plan will cover 100% of in-network charges.

If you still have an HSA account balance at the end of the year, the unused funds rollover to the following year. Over time, you can accumulate a large balance that could be enough to cover all of your out-of-pocket expenses. One strategy is to take any money you may save in payroll premium contributions and contribute it to your HSA.

Other Coverage

Generally, in order to be eligible for an HSA, you can’t have any medical coverage other than the HDHP. This means you can’t be covered by another medical plan, a health flexible spending account (FSA) or health reimbursement arrangement (HRA). If you or your spouse are enrolled in a health FSA or HRA, you are not eligible to contribute to an HSA.