



# Changing Medical Tiers and Switching Medical Plan Design Saves You Money

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Employee Benefits Team  
July-August 2022

# Welcome – Today's AGENDA

- Review current medical subsidy tiers (Tier A vs. Tier B)
  - Discuss how each of those Tiers receive their funding
  - Discuss how you moving to Tier B may be your most advantageous choice
  - Review the HMO vs. HDHP plan provisions and costs
  - Review and discuss the savings generated by enrolling in an HD Plan
  - Discuss how enrolling in an Health Savings Account (HSA) combined with your HD Plan helps you save even more money
  - Review HD Billing for Services
  - Review Next Steps
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# Medical Tiers

- The County contributes tax free dollars toward your medical coverage (a medical subsidy).
  - If the cost of coverage is more than the subsidy, the extra amount for coverage will be deducted from your pay, pre-tax.
  - Tier B: All Units hired After 12/31/2006
  - Tier A2 (Frozen): Units 003, 006, 017, 019, 030
  - Tier A1 (Frozen): All Other Units
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# Medical Tiers

- You have been invited to this session because you are in Tier A1 or Tier A2 for family medical contributions.
  - As a result of labor negotiations, Tier A1 and A2 were replaced by Tier B in 2007, but were not eliminated.
  - However, the Tier A1-A2 subsidy amounts from the County were permanently frozen and will never increase!
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# Medical Tiers

- Tier A1-A2 are single subsidy amounts that might cover the entire Single premium depending on what plan you choose, and always require a payroll deduction for Family coverage.
  - Tier B has a Single and a Family subsidy amount, and is reset every year by a formula (Tier B=80% of the lowest cost \$15 HMO premium).
  - The Tier B Family subsidy is much larger than Tier A1-A2 subsidy amounts.
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# Medical Tiers

- Here are the 2023 monthly subsidy amounts for each Tier for employees when purchasing County medical coverage:

2023 Subsidies		Tier B	Tier A2 (Frozen)	Tier A1 (Frozen)
		All Employees After 12/31/2006	Units 003, 006, 017, 019, 030	All Other Units
Employer Contribution To Medical	Single Subsidy	\$659.80	\$1,148.80	\$826.90
	Family Subsidy	\$1,689.14	\$1,148.80	\$826.90

- Tier A1-A2 employees are allowed to move to Tier B once but can never return to Tier A
  - No effect on your medical choice or your pension
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# FAQs About Changing to Tier B

## QUESTIONS

- ARE THE BENEFITS DIFFERENT?
- IS THE COVERAGE DIFFERENT?
- ARE THE CO-PAYMENTS MORE
- IS THE DEDUCTIBLE HIGHER?
- IS THE MAXIMUM OUT OF POCKET HIGHER?

## ANSWERS

- ✓ NO
- ✓ NO
- ✓ NO
- ✓ NO
- ✓ NO

**EXACTLY THE  
SAME  
COVERAGE**



# Changing Medical Tiers to Tier B

Pros	Cons
<b>No effect on your SCERS pension tier</b>	Once you move to Tier B, you cannot return to Tier A (but why would you want to?)
Tier B employees with family coverage will save <b>THOUSANDS</b> of dollars per year	You lose any potential Cashback or PSI status
Tier B subsidy will increase annually	Tier A subsidy is frozen
No effect on your medical choice and other benefits	If you move from Family back to Single coverage, it may cost you more than your former Tier A

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# MEDICAL PLAN OPTIONS



KAISER PERMANENTE



SUTTER HEALTH PLUS



WESTERN HEALTH ADVANTAGE

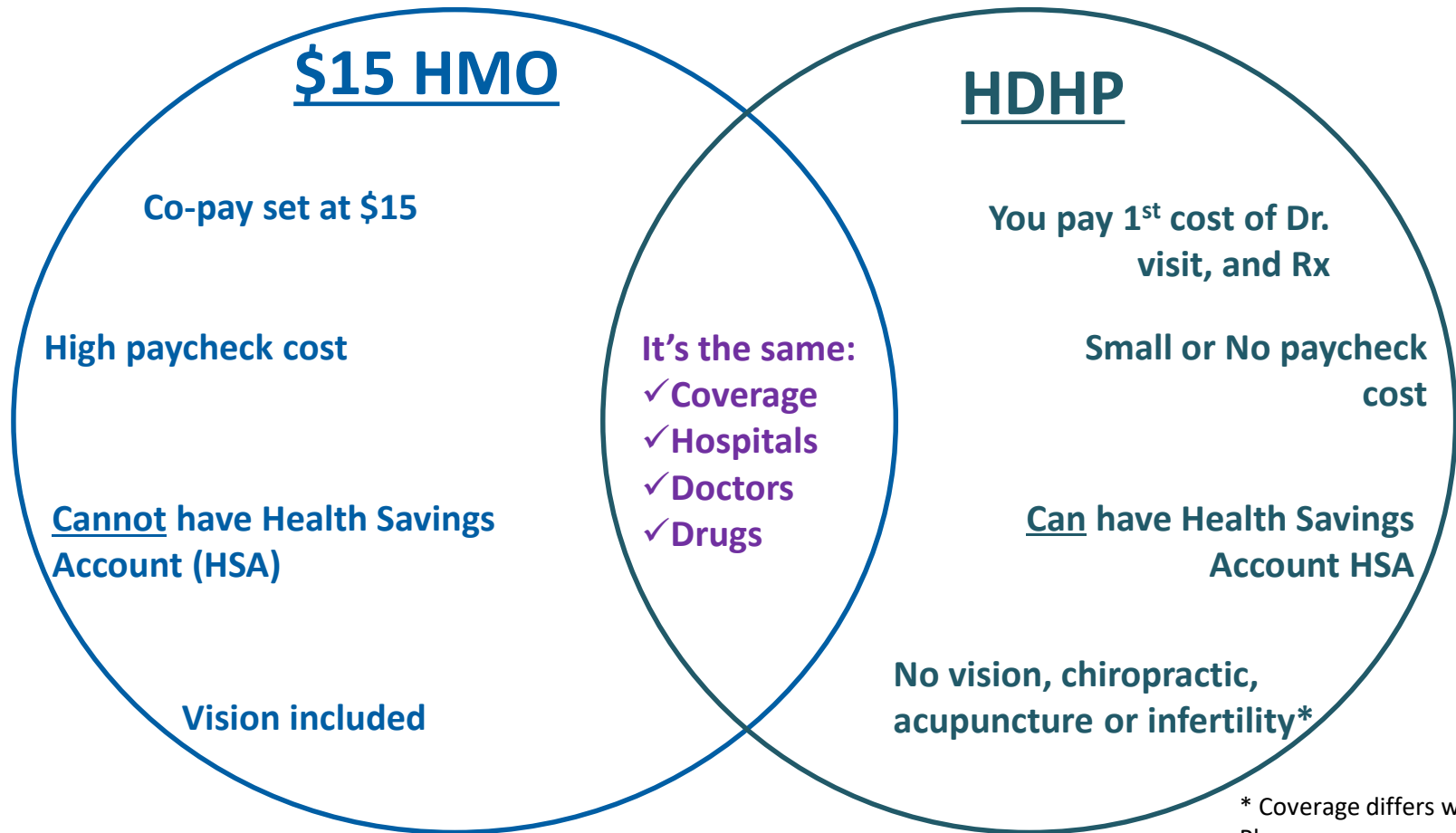
YOU CAN CHOOSE EITHER

**Health Maintenance Organization (HMO)**

**OR**

**High Deductible Health Plan (HDHP)**

# \$15 HMO AND HDHP COVERAGE



Prevent services are FREE

# HMO vs. High Deductible Plan

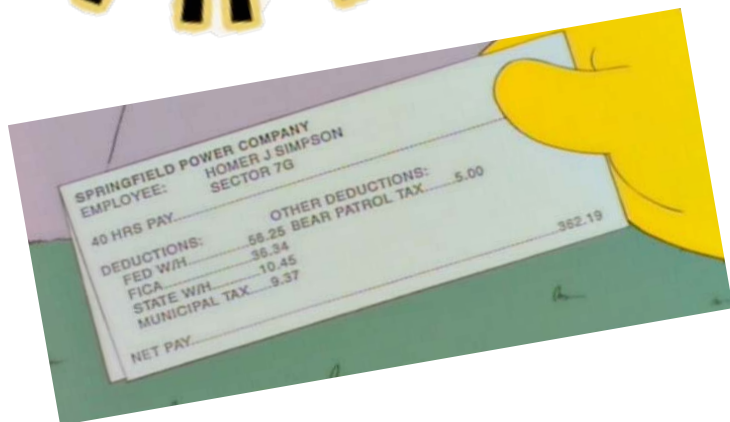
HMO	High Deductible
Much higher paycheck cost	Much lower/no paycheck cost
Paying the medical provider a lot more \$\$	Paying the medical provider a lot less \$\$
Lower point of service expenses	Higher point of service expenses
Set co-pay, Few/no bills to pay after services	Costs billed until the deductible is met. But how will I pay the bills?
Flexible Spending Account available - limited annual use. Use it or Lose it	Health Savings Account available – flexible lifetime use. Rollover year to year
Annual cost likely higher	Annual cost likely lower

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# \$15 HMO VS HDHP

**DIFFERENCE BETWEEN HMO AND HDHP  
IS WHERE FIRST \$'s ARE SPENT**

## HMO



**OUT OF YOUR  
PAYCHECK**

## HDHP



**WHEN/IF YOU SEE  
THE DOCTOR**

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# PROPOSED 2023 Medical Renewal premiums

(subject to Board Approval)

Plan	Kaiser \$15 HMO	Kaiser HDHP	Sutter \$15 HMO	Sutter HDHP	WHA \$15 HMO	WHA HDHP
Monthly Premium Single	\$990.50	\$713.06	\$909.86	\$670.00	\$824.76	\$630.00
Monthly Premium Family	\$2,532.90	\$1,823.44	\$2,328.22	\$1,715.20	\$2,111.42	\$1,612.80

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# MEDICAL PLAN PREMIUMS-2023

## Tier A2

Tier A 2 subsidy = \$1,148.80/month (Frozen) \$894.52 Cashback Cap

Annual EE cost = (monthly premium – subsidy) x 12

Tier A2 Monthly Single and Family Subsidy: \$1,148.80		Kaiser \$15 HMO	Kaiser HDHP HMO	Sutter \$15 HMO	Sutter HDHP HMO	WHA \$15 HMO	WHA HDHP HMO	Monthly Cashback If Waiving Coverage
Employee Deductio n Per Pay Period/ Year Single	Cashback	\$0.00	\$84.28/ \$2,022.72	\$0.00	\$104.28/ \$2,502.72	\$32.40/ \$777.60	\$122.86/ \$2,948.64	\$894.52
	No Cashback	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Employee Deduction Per Pay Period/Year Family		(\$692.05)/ (\$16,609.20)	(\$337.32)/ (\$8,095.68)	(\$589.71)/ (\$14,153.04)	(\$283.20)/ (\$6,796.80)	(\$481.31)/ (\$11,551.44)	(\$232.00)/ (\$5,568.00)	N/A

# MEDICAL PLAN PREMIUMS-2023

## Tier A1

Tier A 1 subsidy = \$826.90/month (Frozen) \$535.00 Cashback Cap

Annual EE cost = (monthly premium – subsidy) x 12

Tier A1 Monthly Single and Family Subsidy: \$826.90		Kaiser \$15 HMO	Kaiser HDHP HMO	Sutter \$15 HMO	Sutter HDHP HMO	WHA \$15 HMO	WHA HDHP HMO	Monthly Cashback If Waiving Coverage
Employee Deduction Per Pay Period/ Year Single	Cashback	(\$81.80)/ (\$1,963.20)	\$0.00	(\$41.48)/ (\$995.52)	\$0.00	\$0.00	\$0.00	\$535.00
	No Cashback							\$150.00
Employee Deduction Per Pay Period/Year Family		(\$853.00)/ (\$20,472.00)	(\$498.27)/ (\$11,958.48)	(\$750.66)/ (\$18,015.84)	(\$444.15)/ (\$10,659.60)	(\$642.26)/ (\$15,414.24)	(\$392.95)/ (\$9,430.80)	N/A

# MEDICAL PLAN PREMIUMS-2023 – Tier B

(pending Board Approval)

Tier B subsidy = Employee Only = \$659.80/month, Family= \$1,689.14/month

Annual EE cost = (monthly premium – subsidy) x 12

Tier B Monthly Single Subsidy: \$659.80 Family Subsidy: \$1,689.14	Kaiser \$15 HMO	Kaiser HDHP HMO	Sutter \$15 HMO	Sutter HDHP HMO	WHA \$15 HMO	WHA HDHP HMO	Monthly Cashback If Waiving Coverage
Employee Deduction Per Pay Period/Year Single	(\$165.35)/ (\$3,968.40)	(\$26.63)/ (\$639.12)	(\$125.03)/ (\$3,000.72)	(\$5.10)/ (\$122.40)	(\$82.48)/ (\$1,979.52)	\$0.00	N/A
Employee Deduction Per Pay Period/Year Family	(\$421.88)/ (\$10,125.12)	(\$67.15)/ (\$1,611.60)	(\$319.54)/ (\$7,668.96)	(\$13.03)/ (\$312.72)	(\$211.14)/ (\$5,067.36)	\$0.00	N/A



# HIGH DEDUCTIBLE-ALL PLANS

## Single Deductible \$1,500-(2023)

- You pay the first \$1,500 for Dr. and Rx, then only co-pays on Rx prescriptions after the \$1,500 until you reach \$3,000 in total annually (70+ Rx's @ \$20 co-pay!)
- Medical services are covered at 100% after \$1,500, as well as Rx after the \$3,000 for the rest of the year

## Family Deductible \$3,000-(2023)

- You pay the first \$3,000 (shared between everyone)
  - Then all services are covered at 100% for the remainder of the year for everyone
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# Tier A Kaiser FAMILY PLAN SAVINGS-2023

(pending Board Approval)

KAISER

Compare your premium (family coverage) Tier A1

Kaiser HMO Tier A1 Annual Premium	Kaiser HDHP Tier B Annual Premium	Kaiser HDHP Tier B Annual Savings
\$20,472.00	- \$1,611.60	= \$18,860.40



With this example, you **save \$15,860.40** annually moving to Tier B and changing to a high deductible even if you have a catastrophic loss/max deductible.

\$18,860.40
- \$3,000.00
<hr/>
<b>\$15,860.40/year</b>
Or
<b>SAVE \$1,321.70/month</b>

Compare your out of pocket (deductible)

Kaiser HDHP Annual Deductible	Kaiser HMO Annual Deductible	Kaiser HMO Deductible Difference
\$3,000.00	- \$0.00	= \$3,000.00



With this example, you **save \$11,997.60** annually moving to Tier B and changing to a high deductible even if you have a catastrophic loss/max deductible.

\$14,997.60
- \$3,000.00
<hr/>
<b>\$11,997.60/year</b>
Or
<b>SAVE \$999.80/month</b>

Compare your premium (family coverage) Tier A2

Kaiser HMO Tier A2 Annual Premium	Kaiser HDHP Tier B Annual Premium	Kaiser HDHP Tier B Annual Savings
\$16,609.20	- \$1,611.60	= \$14,997.60



# Tier A Sutter FAMILY PLAN SAVINGS-2023

(pending Board Approval)

## SUTTER

Compare your premium (family coverage) Tier A1

Sutter HMO Tier A1 Annual Premium	Sutter HDHP Tier B Annual Premium	Sutter HDHP Tier B Annual Savings
\$18,015.84	- \$312.72	= \$17,703.12



Compare your out of pocket (deductible)

Sutter HDHP Annual Deductible	Sutter HMO Annual Deductible	Sutter HMO Deductible Difference
\$3,000.00	- \$0.00	= \$3,000.00



Compare your premium (family coverage) Tier A2

Sutter HMO Tier A2 Annual Premium	Sutter HDHP Tier B Annual Premium	Sutter HDHP Tier B Annual Savings
\$14,153.04	- \$312.72	= \$13,840.32



With this example, you **save \$14,703.12** annually moving to Tier B and changing to a high deductible even if you have a catastrophic loss/max deductible.

\$17,703.12  
- \$3,000.00

**\$14,703.12/year**  
Or

**SAVE \$1,225.26/month**

With this example, you **save \$10,840.32** annually moving to Tier B and changing to a high deductible even if you have a catastrophic loss/max deductible.

\$13,840.32  
- \$3,000.00

**\$10,840.32/year**  
Or

**SAVE \$903.36/month**

# Tier A WHA FAMILY PLAN SAVINGS-2023

(pending Board Approval)

WHA

Compare your premium (family coverage) Tier A1

WHA HMO Tier A1 Annual Premium	WHA HDHP Tier B Annual Premium	WHA HDHP Tier B Annual Savings
\$15,414.24	- \$0	= \$15,414.24



Compare your out of pocket (deductible)

WHA HDHP Annual Deductible	WHA HMO Annual Deductible	WHA HMO Deductible Difference
\$3,000.00	- \$0.00	= \$3,000.00



Compare your premium (family coverage) Tier A2

WHA HMO Tier A2 Annual Premium	WHA HDHP Tier B Annual Premium	WHA HDHP Tier B Annual Savings
\$11,551.44	- \$0	= \$11,551.44



With this example, you **save \$12,414.24** annually moving to Tier B and changing to a high deductible even if you have a catastrophic loss/max deductible.

\$15,414.24  
- \$3,000.00

**\$12,414.24/year**  
Or

**SAVE \$1,034.52/month**

With this example, you **save \$8,551.44** annually moving to Tier B and changing to a high deductible even if you have a catastrophic loss/max deductible.

\$11,551.44  
- \$3,000.00

**\$8,551.44/year**  
Or

**SAVE \$712.62/month**

# \$15 HMO VS HDHP

## HMO

Pay the health carrier first for coverage even if you rarely see the doctor



## HDHP

Pay yourself first by contributing to an HSA and still have coverage



# Paycheck Example - Kaiser

PP26/2020: Kaiser HMO Tier A family

PP01/2021: Switched to tier B, changed to Kaiser HDHP family and enrolled in HSA.

COMPENSATION	Rate	Hours	This Period	Year-to-Date
Regular Base Pay	42.90	64.00	2,745.60	68,794.85
CTO taken				946.35
Sick Leave Pay	42.90	8.00	343.20	3,842.55
Sick Leave-Family				686.40
Vacation Pay	42.90	8.00	343.20	8,132.65
Holiday				4,582.80
Emerg.Sick Lv-Care				1,372.80
Overtime Time and 1/2				63.09
NT Shift Pay%				115.07
Correctional/MHTC				68.14
<b>Total Compensation</b>			<b>3,432.00</b>	<b>88,604.70</b>
.....				
PRE-TAX DEDUCTIONS				
EE Kaiser HMO Tier A			474.18	11,380.32
CERS Pension Low			11.38	299.10
CERS Pension High			346.73	9,026.64
457 Plan FT Pre-Tax			171.60	4,430.27
Pre-tax Parking Deduction			42.50	1,020.00
<b>Total Pre-Tax Ded.</b>			<b>1,046.39</b>	<b>26,156.33</b>
.....				
TAXES PAID				
IncTax-Federal			257.99	6,800.65
IncTax-California			101.42	2,688.90
TX EE Medicare Tax			42.27	1,104.96
TX EE Social Security Tax			180.75	4,724.67
SDI Tax-California			29.15	762.04
<b>Total Taxes</b>			<b>611.58</b>	<b>16,081.22</b>
.....				
AFTER-TAX DEDUCTIONS/ADJUSTMENTS				
Union Dues (017)			31.70	755.76
<b>Total After-Tax Ded.</b>			<b>31.70</b>	<b>755.76</b>
.....				
<b>Total Net Pay</b>			<b>1,742.33</b>	<b>45,611.39</b>
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COMPENSATION	Rate	Hours	This Period	Year-to-Date
Regular Base Pay	42.90	48.00	2,059.20	2,059.20
CTO taken	42.90	12.00	514.80	514.80
Holiday	42.90	20.00	858.00	858.00
Correctional/MHTC	2.15	3.00	6.44	6.44
<b>Total Compensation</b>			<b>3,438.44</b>	<b>3,438.44</b>
.....				
PRE-TAX DEDUCTIONS				
EE Kaiser HDHP Tier B			42.53	42.53
CERS Pension Low			11.38	11.38
CERS Pension High			346.72	346.72
457 Plan FT Pre-Tax			171.93	171.93
Kaiser HDHP HSA			120.00	120.00
Pre-tax Parking Deduction			42.50	42.50
<b>Total Pre-Tax Ded.</b>			<b>735.06</b>	<b>735.06</b>
.....				
TAXES PAID				
IncTax-Federal			325.03	325.03
IncTax-California			146.02	146.02
TX EE Medicare Tax			46.88	46.88
TX EE Social Security Tax			200.47	200.47
SDI Tax-California			40.24	40.24
<b>Total Taxes</b>			<b>758.64</b>	<b>758.64</b>
.....				
AFTER-TAX DEDUCTIONS/ADJUSTMENTS				
Union Dues (017)			31.70	31.70
<b>Total After-Tax Ded.</b>			<b>31.70</b>	<b>31.70</b>
.....				
<b>Total Net Pay</b>			<b>1,913.04</b>	<b>1,913.04</b>
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# HEALTH SAVINGS ACCOUNT (HSA)

You can set aside much more than your total annual deductible exposure !

## 2023 SINGLE ANNUAL MAX

**\$3,850 (<55)**

**\$4,850 (>55)**

## 2023 FAMILY ANNUAL MAX

**\$7,750 (<55)**

**\$8,750 (>55)**

Tax free  
in, and  
out

Annual  
roll over

Instant  
vesting

Earns  
interest

Portable  
& can use  
when  
retired

Cashable

Use on  
other  
family  
members

Survivor  
ability

Premiums  
at Age 65

- ✓ Use it for medical, dental, vision, acupuncture, chiro & Rx
- ✓ Change the contribution amount anytime all year
- ✓ Coverage must be an HDHP and nothing else (no other group coverage that is not an HSA HD plan, no other FSA)
- ✓ No "front load" of HSA, consider cushion for next year

## HSA Partners

**Kaiser HDHP = Optum Bank**  
**Sutter HDHP**

**WHA HDHP = Health Equity**

# HEALTH SAVINGS ACCOUNT (HSA)

- Let's take 2 minutes to watch a video explaining the many values of enrolling in an HSA
  - <https://www.optumbank.com/resources/library/what-hsa.html>
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# BILLING AND CHARGES

## Doctors

HD visits might mean the bill comes after the encounter



Rx  
Pay when you pick up prescription

- Timing of charges may not be real time,
- Rx very fast, Dr. office may vary. Keep track of your receipts. Use websites or apps to confirm encounters and payments.
- May need to use personal funds and replenish as HSAs funds are added to the account (first few months of the year)

*HSA must be open and active to reimburse future expenses, no reimbursements for past claims allowed.*

HSA Debit card can track payments...always keep track of your charges, and call Customer Service when over the deductible!

# BILLING AND CHARGES - continued

- Costs are paid from your HSA
- Each vendor will work with you on a payment plan
- Reach out to their billing department for additional details



# NEXT STEPS

- Review your medical utilization over the past several months
    - How often have you and your family members utilized the doctor, pharmacy, dental, vision, etc.
    - Are you on continuing treatment or maintenance Rx ?
    - Based on that information, would you reach the deductible associated with your benefit selection and age or have early costs at the beginning of the year?
  - Determine whether changing to the High Deductible Plan would be beneficial – both financial and utilizing long term contributions to an HSA
  - Complete the required on-line transactions during Open Enrollment at [www.benefitbridge.com/saccounty](http://www.benefitbridge.com/saccounty)
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# AFTER HSA ENROLLMENT

- In December/early January, you'll receive information from the medical provider as well as the HSA vendor
  - Effective January 1, 2023, you will be enrolled in the HD Plan and HSA and begin saving!
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# Transitioning to Retirement – Under 65

- Since the HSA funds can be taken with you into retirement, you can maximize their value:
    - Use your RHSP funds on premiums, deductibles and co-pays for you and dependents, since RHSP is reimbursement only, no cash out available, use more versatile HSA funds last.
    - If RHSP funds emptied and you are still under 65 and on an HDHP, can contribute back into an HSA on post-tax basis until Medicare entitlement (age 65)
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# Transitioning to Retirement – 65+

- Since the HSA funds can be taken with you into retirement, you can maximize their value:
    - Use your RHSP funds on premiums, deductibles and co-pays for you and dependents, since RHSP is reimbursement only, no cash out available, use more versatile HSA funds last.
    - Once RHSP funds are depleted, no more HSA contribution allowed because of Medicare, but you now also use HSA on your premiums if you are over 65
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# CONTACT RESOURCES

- Employee Benefits Office: 916-874-2020 or [MyBenefits@saccounty.gov](mailto:MyBenefits@saccounty.gov);
  - Kaiser Permanente: 800-464-4000
  - Sutter Health Plus: 855-315-5800
  - Western Health Advantage: 888-563-2250
  - Optum Bank (HSA provider for Kaiser and Sutter):  
844-326-7967
  - Health Equity (HSA provider for WHA):  
877-300-4987
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# QUESTIONS

Email us at: [MyBenefits@saccounty.gov](mailto:MyBenefits@saccounty.gov)

Participate in a live session:

<https://personnel.saccounty.gov/Benefits/Pages/Training.aspx>

Thank you for your time!

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