**OVERVIEW**

**Q**: What is a consumer-driven health plan (CDHP)?

**A**: A CDHP is a type of health coverage that allows your employer to fund a health reimbursement arrangement (HRA, also called a “health reimbursement account”) that you may use to pay out-of-pocket health care expenses directly, while a high-deductible health coverage plan protects you from catastrophic medical expenses. The CDHP plan design encourages you to more actively choose your health care providers, manage your health expenses and improve your health with respect to factors that you can control—while saving or spending the HRA funding provided by the plan sponsor/employer.

**Q**: Why is this called a “consumer-driven” health plan?

**A**: Because you (the consumer) help control how your health care dollars are spent. The CDHP plan design encourages you to be actively involved in choosing your health care providers, managing your health expenses and improving your health with respect to factors that you can control. For example, you might choose generic medications (when available) instead of more expensive name-brand drugs, or you might go to an urgent care center rather than a hospital emergency room for a non-life-threatening medical concern.

**Q**: How is the CDHP plan different from a traditional health plan?

**A**: In a CDHP, a specific amount of money is set aside into the HRA each plan year for you (the participant). You may use HRA funds to pay for eligible health care expenses that are often applied to your deductible. You will pay any remaining deductible amount before Plan benefits begin (i.e., before the HealthFlex plan pays). Unused HRA funds roll over from year to year, as long as you remain employed or appointed to The United Methodist Church. Preventive and wellness services are covered at 100% when you use in-network providers. The HRA is administered by WageWorks.

WageWorks Customer Service toll-free 1-877-924-3967 (1-877-WageWorks)
Q: Does a CDHP have an approved network of providers (hospitals, physicians and other health care providers)?
A: Yes. Similar to preferred provider organization (PPO) plans, you will experience greater savings or receive higher benefits when you use in-network providers. The CDHP uses the same in-network PPO providers as other HealthFlex plans.

ABOUT HRAS AND DEDUCTIBLES

Q: What is an HRA?
A: An HRA is an Internal Revenue Service (IRS)-approved program that allows employers to reimburse eligible medical expenses incurred by participating employees as tax-free medical benefits to offset health care costs. HealthFlex allows credit balances in your HRA account to be rolled over from year to year somewhat like a savings account, with no limit to the amount rolled over. A HealthFlex HRA reimburses all eligible items covered by a medical flexible spending account (FSA, also called medical reimbursement account or MRA) that are not covered by the participant’s CDHP benefit design, including dental and vision expenses.

Q: Who will administer the HRA?
A: WageWorks will administer the HRA. WageWorks also administers the FSA [sometimes called the medical reimbursement account (MRA) and dependent care account (DCA) for HealthFlex]. Using WageWorks allows for a seamless transition and allows a single HealthFlex debit card (the “WageWorks Visa® Healthcare Card”) to be used for both HRA and health care FSA funds. You can contact WageWorks at 1-877-924-3967 (1-877-WageWorks).

Q: How much is funded into each HRA for the CDHP?
A: Each HealthFlex CDHP includes an “employer” funded HRA at the beginning of the plan year; the amount depends on which plan is selected. See your Summary of Benefits and Coverage or plan comparison document for funding details of your plan.

Q: Is the HRA funded with the same amount for ‘off-anniversary’ enrollments?
A: Yes. Regardless of the enrollment date, the HRA is generally funded the same amount each plan year.

Q: Can I contribute money to my HRA?
A: No. You cannot contribute your own money to the HRA. Only your employer (plan sponsor) can contribute additional dollars.

Q: What happens to the unused portion of my HRA after the plan year?
A: At the end of the plan year, unused HRA funds are rolled over to your HRA for the next plan year.

Q: Is there a limit to how much money can accumulate when unused HRA funds are rolled over?
A: No. There is no HRA rollover limit.

Q: Can I or my employer/plan sponsor control how the plan sponsor-contributed HRA dollars are used?
A: No. The HRA must follow usage guidelines set by HealthFlex.

Q: Does the CDHP have a deductible?
A: Yes, like other PPO health plans, the CDHP includes an annual medical deductible (please see your Summary of Benefits and Coverage for specific plan information). For the CDHPs, the deductible includes medical and behavioral health expenses. A deductible is a fixed amount you are required to pay before health care benefits (payment by the Plan) begin. The HRA is available to pay a portion of the deductible, and then you are responsible for paying the remaining portion of the deductible. However, eligible preventive and wellness services are covered by the Plan—and are not subject to the annual deductible; they are covered at 100%.
Q: What expenditures are eligible for HRA reimbursement?
A: The HealthFlex HRA can reimburse any out-of-pocket expenses that would be covered by a medical FSA and that are not paid by the CDHP plan design, including eligible medical, pharmacy, dental and vision expenses.

Q: Are health plan premiums eligible for HRA or FSA reimbursement?
A: No. Health plan premiums cannot be reimbursed from an HRA or FSA. However, premiums may be deducted on a pre-tax basis from your payroll under a separate salary-reduction agreement with your salary-paying unit.

Q: Is the pharmacy benefit subject to the CDHP medical deductible?
A: No. Pharmacy costs are not subject to the CDHP medical deductible. There continues to be first-dollar coverage for eligible pharmacy costs (subject to the co-payments as defined by the pharmacy benefit design utilized in the CDHP). The CDHPs utilize the Percentage Co-Payment Plan 2 (P2). However, you may use your HRA or FSA to reimburse your pharmacy out-of-pocket expenses.

Q: Are behavioral health benefits subject to the CDHP medical deductible?
A: Yes. Behavioral health benefits are subject to the CDHP medical deductible. You may use your HRA or FSA to reimburse your out-of-pocket behavioral health expenses.

Q: What is the out-of-pocket (OOP) maximum for the CDHP?
A: The plan has a combined OOP maximum for medical, pharmacy and behavioral health services. It is the maximum amount out of pocket you would pay for your share of in-network, allowed expenses. (Please see your Summary of Benefits and Coverage for specific plan information.)

Q: Do I have to pay for preventive medical services from my HRA?
A: Preventive medical services—such as routine physical exams, age-based diagnostic screenings and immunizations—are covered at 100% under the CDHP when you receive care from in-network providers, so you will not pay out of pocket for these services.

Q: Can the money in the HRA be used for gym memberships?
A: No. HRA and FSA monies may not be used for gym or health club memberships.

Q: How do I access HRA dollars?
A: Most participants will access HRA dollars through a debit card (WageWorks Visa® Healthcare Card) that is pre-funded with the applicable HRA amount. The debit card and details about how to use the card are provided by WageWorks, which partners with HealthFlex to administer the HRA and FSA benefits.

Participants who elect not to use the debit card can use Automatic Claims Administration. Auto-claim provides for automatic reimbursement in the form of a check or direct deposit into your designated bank account (subject to available HRA funds) when you use a network provider. You also may file a claim manually with WageWorks (online, mail or fax) for reimbursement of eligible expenses from your available HRA funds. You cannot choose which medical/pharmacy claims to have reimbursed with Auto-claim. All eligible claims will be reimbursed if there is an HRA balance.

For more details about HealthFlex debit card usage, please read HealthFlex Debit Card: Frequently Asked Questions. This document is available on the HealthFlex/WebMD website (log into wespath.org, and browse under Details and FAQs).
HRAS AND FSAs

Q: Can I have a medical FSA if I am in the CDHP?
A: Yes. You may combine a medical FSA (also called the “medical reimbursement account” or “MRA”) with an HRA.

Q: Can I use the HealthFlex debit card with my medical FSA?
A: Yes. You will use the HealthFlex debit card for both the HRA and the FSA (if you elect to contribute to a medical FSA). Details about how to use the debit card for your FSA and HRA will be provided by WageWorks, which partners with HealthFlex to administer both benefits.

Q: Can I choose whether to use my HRA or FSA dollars to cover health care expenses?
A: No. Based on the plan’s design, the FSA always pays first; then the HRA pays. This is because FSA dollars are subject to the “use it or lose it” rule for balances over $500, so you risk losing your unspent FSA dollars for balances over $500 at the end of a plan year. In contrast, unlimited unused HRA dollars can roll over from year to year.

Q: If I have an HRA but not an FSA, or if I use up all of my FSA funds, do claims always need to be applied to the HRA? Can I choose to pay out of pocket instead?
A: You always have the option to pay for health expenses “out of pocket” (on your own), instead of using your available HRA funds. In this case, you would pay directly (not using the debit card) and not request reimbursement. If you have set up Auto-claim, you cannot limit which expenses are reimbursed.

MORE ABOUT THE HRA

Q: Does the HRA account earn interest?
A: No. The HRA account does not accrue interest or earnings of any sort.

Q: Are there any tax consequences for money I have in the HRA?
A: HRAs are tax-exempt when provided by an “employer”—just as group health coverage and other “accident and health coverages” are tax-exempt. The IRS issued several rulings in the early 2000s which state that amounts an employer contributes to a properly-run HRA [meaning the HRA only reimburses expenses permitted under Code §213(d)], amounts rolled over from year to year, and amounts reimbursed to an employee by the HRA are excluded from the employee’s taxable income under Codes §105 and §106.

Q: Can I use HRA funds for emergency or hardship purposes, even though these expenses do not meet HRA-eligible expense guidelines?
A: No. HRA funds are not accessible for hardship purposes.

Q: If only one family member has a major medical incident, would the entire HRA balance be available to the person who incurred the major medical expense?
A: Yes. As a family plan (or a plan with a primary participant and at least one covered dependent), any of the covered family members would have access to the entire HRA balance.

Q: What happens if I have a family status change (a qualified ‘life event’ such as marriage, divorce or birth of a child) during the year?
A: If your coverage changes from “family” to “individual,” no reduction would be made to your existing HRA funding for the given plan year. However, if your coverage changes from “individual” to “family” (with the addition of at least one dependent), your HRA funding level would be increased to the family funded HRA amount (the difference between the individual and family amount would be added).
LEAVING THE PLAN (INCLUDING TRANSFERS AND RETIREMENT)

Q: If I voluntarily leave the CDHP to be in a different HealthFlex PPO plan that does not include an HRA, what is done with my HRA fund balance?
A: The HRA balance will remain available for you to use until it is exhausted or until you terminate from the plan sponsor. Upon termination from the UMC, any remaining HRA balance will be available for you to use for up to 90 days after the termination date.

Q: If my employer decides to no longer offer the CDHP, what is done with my HRA fund balance?
A: If you remain in HealthFlex, the HRA balance will remain available for you to use until it is exhausted or until you terminate from the plan sponsor. Upon termination, any remaining HRA balance will be available for you to use for up to 90 days after the termination date.

Q: If I am a clergyperson (in an annual conference that is a plan sponsor in the CDHP) and I get reappointed to an annual conference or an extension ministry that does not offer the CDHP, what happens to my HRA balance?
A: The HRA balance will remain available for you to use until it is exhausted or until you terminate from the plan sponsor. Upon termination from the UMC, any remaining HRA balance will be available for you to use for up to 90 days after the termination date.

Q: When I retire, can I use remaining dollars in my HRA?
A: Yes. HRA balances at the time of retirement may be used for eligible health care-related expenses, including eligible retirement medical products and premiums for plans outside of HealthFlex. To be eligible, you must satisfy the retiree eligibility rules of your plan sponsor (employer). Your HRA balance will be available for your use even if your plan sponsor does not sponsor retiree health coverage through HealthFlex.

Q: If I retire (and leave the CDHP) but my dependents remain covered in the CDHP, what happens to any accumulated HRA fund balance?
A: Both you and your covered dependents may use the accumulated fund balance available at the time you retire. Additional funds contributed to the active HRA by your plan sponsor after you retire would only be available to your covered dependents.

Q: If my dependents remain in the CDHP after my retirement, will new debit cards (WageWorks HealthCare Cards) need to be issued?
A: No. The debit cards will accommodate the change in coverage and will govern which accumulated funds would be available to whom.

BECOMING MORE INVOLVED AS HEALTH CARE CONSUMER

Q: How can a CDHP truly “change health behavior”?
A: The goal of a CDHP is to introduce “consumerism” to health care decision-making. Consumerism advocates participants’ involvement in their own health care decisions. Consumerism engages you as a plan participant to take a more active role in choosing your health care providers, managing your health expenses and improving your health with respect to factors that you can control. Consumerism also encourages you to take charge of your health by maintaining wellness, practicing prevention and learning all you can about the health care system that serves you. The learning is facilitated by HealthFlex CDHP consumer education tools that allow you to research providers (e.g., hospitals and doctors) of all types with regard to cost, efficacy, quality and availability prior to “purchasing” the service. Consumer education tools—including Web-based tools—are available through Blue Cross and Blue Shield of Illinois, UnitedHealthcare, OptumRx and WebMD. Find them at wespath.org; select “HealthFlex/WebMD” and log in.
Q: In trying to be a better health care “consumer,” will I be expected to avoid or forgo care that I probably should be getting? If so, will the result to my health be worse in the long run?

A: No. While that is a concern, the design of the CDHP should actually encourage you to seek out the care you need, knowing you have the protection of catastrophic coverage should you need it. The CDHP provides 100% coverage for wellness exams, and exempts pharmacy costs from the medical deductible.

Q: Will I be required to do anything different as a CDHP participant?

A: No, you will not need to do anything different administratively to have your claims covered by HealthFlex. However, how you decide to use or access care will change significantly in that you will now see more of the direct costs of care and decide how to spend your HRA funding. The design of the CDHP is intended to motivate you as a health care consumer to take a more active role in making decisions that can maintain or improve your health.

If your plan sponsor offers the CDHP in addition to another health plan, you will have the opportunity to choose either the CDHP or the other plan during the Annual Election period in November. If you do not indicate a preference, you will automatically be enrolled in the plan option that your plan sponsor has designated as the “default” plan or your plan from the prior year, if still offered.

**Important:** Always seek the appropriate level of care for your or your family’s medical needs. While the HealthFlex CDHP fosters consumerism by encouraging participants to seek cost-saving measures when appropriate, it in no way expects participants to choose inappropriate or insufficient levels of care as a way to save money.

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### Helpful Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>CDHP</td>
<td>Consumer-driven health plan (usually high-deductible health coverage)</td>
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<tr>
<td>FSA</td>
<td>Flexible spending account</td>
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<tr>
<td>HDHP</td>
<td>High-deductible health plan (a specific type of CDHP that is defined by the tax code and is required for HSA eligibility)</td>
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<tr>
<td>HRA</td>
<td>Health reimbursement arrangement (health reimbursement account)</td>
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<tr>
<td>HSA</td>
<td>Health savings account</td>
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<tr>
<td>MRA</td>
<td>Medical reimbursement account (a medical FSA under HealthFlex; also called “health care FSA”)</td>
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<tr>
<td>PPO</td>
<td>Preferred provider organization health plan</td>
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