

Are You Considering an HDHP/HSA?

Enrolling in your employer's company-sponsored, high deductible health plan (HDHP) means lower premiums and the ability to use pretax dollars to pay for out-of-pocket costs. But these perks come at a cost—enrolling in an HDHP also brings a higher deductible and added out-of-pocket costs.

HDHPs are growing in popularity, but this may not mean it is the right plan for you. If you're thinking of enrolling in an HDHP, consider these tips to help you and your family make the most of your plan decision.

Banking Fees

Banks that offer health savings accounts (HSAs) often charge a one-time set-up fee as well as annual fees. It is also typical to have fees for checks, debit card and ATM transactions, bounced checks and overdrafts. Shop around for the bank with the lowest fees; while small, these expenses add up.

Many employers contract with one bank when offering HSAs and will cover the administrative fees.

What Expenses Are Eligible?

To cover the higher out-of-pocket costs associated with HDHPs, you can use your HSA funds to alleviate some of this burden. But only use your HSA for qualified medical expenses, and save your receipts to prove where you're using your HSA funds. If you don't know if something is considered a qualified medical expense, ask before using your HSA.

Under the health care reform legislation, any unqualified medical expenses purchased with HSA funds are subject to a 20 percent penalty as of January 2011. The CARES Act restores the ability to use HSAs, FSAs and HRAs to purchase certain OTC drugs and medications, like aspirin and other pain medications, allergy medication, etc., without a doctor's prescription.

Shop Around

The minimum deductible for an HDHP in 2022 is \$1,400 for individuals and \$2,800 for families, though your plan may have a higher deductible. Because of the higher out-of-pocket costs associated with an HDHP, it is important to compare prices for health care. Most insurance companies offer price information for common procedures on their website. Otherwise, you can call around to local health care facilities and ask about prices for specific procedures. You may not be used to shopping around for health care, but you can save money by doing a little research and preparation.

Understand Your Options

Consider what you and your family typically spend on medical care in a year. Do you make frequent visits to the emergency rooms, or just go to the doctor for routine visits? Do you have a chronic condition? Is a lower deductible worth higher out-of-pocket costs? Make an informed decision before enrolling in an HDHP, and ensure that it's the right choice for you, your family and your medical needs.

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