

Unable to use the funds in your Flex Plan Account because you have an Individual or Exchange Policy?

Last year the Affordable Care Act ("ACA") changed the rules the Flex Plan must abide by. Monies your employers contribute to your account cannot be used for payment of Individual Policies or Exchange Policies. In addition, if you and/or your dependents are not covered by a group insurance contract, the employer monies cannot be used for reimbursement of out-of-pocket medical expenses. Your group insurance can be any group policy, it does not have to be a Flex Plan group policy.

Your options and how to compare them



Since the ACA regulations remain unchanged for 2015, it's important to carefully consider and understand your options. When comparing premiums and benefits, please note that the Flex Plan's Anthem Plan 60 had a rate freeze for 2015 (0% increase) AND the deductible decreased from \$5,000 to \$2,600 along with a new benefit that provides x-ray and lab services for a \$40 co-payment (NO DEDUCTIBLE).

In addition to the premium savings shown below, don't forget that you can also use pre-tax withholdings so that your TOTAL premium cost is paid tax free, which can equate to a 25% or more savings depending on your individual tax bracket. You may set up additional pre-tax withholdings to pay the difference between what your employer contributes and the cost of the coverage you elect.

THE MATH

The examples demonstrate that the Flex Plan can work to make a group plan that costs \$451.45 per month cost less than an Exchange Plan that runs \$350.00 per month with annual savings of \$1,936.95. A family can save up to \$4,073.94 in a year.

	Single		Family	
	Plan 60	Exchange	Plan 60	Exchange
Monthly Premium	\$451.45	\$350.00	\$1,347.34	\$1,200.00
Employer Contribution	\$200.00	\$0.00	\$200	\$0.00
Your out of Pocket Cost	\$251.45	\$350.00	\$1,147.34	\$1,200.00
Monthly Savings	\$98.55	\$0.00	\$52.66	\$0.00
Annual Savings	\$1,182.60	\$0.00	\$631.92	\$0.00
Increase your savings by using pre-tax payroll				
Your portion of the Monthly Premiums	\$251.45	\$350.00	\$1,147.34	\$1,200.00
Savings by paying your portion with pre-tax withholdings	\$62.86	\$0.00	\$286.84	\$0.00
Your revised out-of-pocket cost	\$188.59	\$350.00	\$860.51	\$1,200.00
Your Total Monthly Savings	\$161.41	\$0.00	\$339.50	\$0.00
Your Total Annual Savings	\$1,936.95	\$0.00	\$4,073.94	\$0.00

Assumptions

These examples assume that the total of your employer contributions to the Flex Plan is \$200 per month and that you are in a 25% tax bracket. If your employer contributions are higher, that would increase your savings even more. If your employer contribution is lower, your share of the cost would be greater, but you can still pay your portion of the premiums with pre-tax dollars and save anywhere from 25% - 35% based on your individual tax bracket.



Why are some of the Exchange or Individual Policies less expensive than the Plan 60 or Plan 80?

There are several factors that should be reviewed; here are some things you should check when reviewing any insurance policy, including policies offered through the Flex Plan.

Network Coverage. Many of the Exchange and Individual Policies use limited provider networks. Make sure you check to see if the providers you want to use are “in network”. The Plan 60 and Plan 80 use the full Blue Card PPO Network (90% of all US Hospitals and 85% of US Physicians are in the network).

Prescription Coverage. Check and see if the prescriptions you take are on the covered list for the plan you select. Some policies restrict what prescription drugs are covered. Make sure to see if you have to satisfy a deductible before your prescription drugs will be covered – if so, how much is the deductible? Do you pay a flat fee for each prescription or a percentage? Is there an annual maximum?

Office Visit Co-payments. Do you have to satisfy a deductible before you have an office visit co-pay? Is there a limit to the number of visits per year?

Lab and X-Ray Fees. Do you have to satisfy a deductible before your lab and x-ray fees will be covered? Both the Plan 60 and Plan 80 have co-payments for lab and x-ray benefits with no deductible.

What is your Deductible? Know what your deductibles are. Do you have one deductible for medical benefits and prescription benefits or are they separate? What benefits are available to you before you satisfy your deductible? Is there a deductible for each family member? Is there a maximum per family?

Compare your actual costs

If you can, see what your total out-of pocket costs were for 2014 by adding up your premiums, deductibles, co-pays for Rx and doctor visits, other expenses that were not covered by your provider. Next, compare the Flex Plan’s insurance options and see how that would play out for you in 2015.

For example, under most PPO plans, if your doctor orders lab work that costs \$475 you would have to satisfy your deductible before the insurance company pays anything. With the Plan 60 or Plan 80, you may see your doctor or have lab work done for a \$40 co-payment with no deductible.

Why are we providing this information?

We believe it is our obligation to provide you with information to help you make an informed decision about how to use the money contributed by your Employer(s) to your Flex Plan account and to maximize the benefits you obtain in the most cost effective way.

Important Note: In order to have full access to your employer contributions under the ACA, you must be covered by ANY group insurance contract.

Your group insurance does not have to be obtained from the Flex Plan. The Flex Plan does not sell insurance and is not affiliated with any insurance broker.

If you have any questions please feel free to call Member Services at (323) 993-8888 or (888) FLEX-401K between 7:30am - 5:00pm PT (Monday thru Friday).