



# Smarter, better health care solutions

## Consumer-directed health care

### Lower the price tag on health care

Blue Cross Blue Shield of Michigan offers fully integrated consumer-directed health care, or CDH, products that combine comprehensive health plans with health care spending accounts. These plans offer a great way to cut costs while maintaining rich benefits.

### Here's how it works

- "Consumer-directed" means employees have the ability to manage more of the money they spend — and save — on medical expenses. Resources available through a Blue Cross member account give employees the support they need to become better health care consumers.
- A Blue Cross health plan is paired with a tax-advantaged health care spending account.
- Depending on the type of account, employers or employees (sometimes both) deposit money into health care spending accounts. Employees can use the accounts to pay for qualified medical expenses.

### Health plan

Our solution begins with an eligible, quality Blue Cross health plan, which offers:

- **Comprehensive benefits:** Our health plans offers a wide range of benefits, including everything from office visits and maternity care to inpatient hospital and preventive care.
- **Unmatched provider access:** Our health plans include access to quality care through an extensive network of doctors, hospitals and specialists close to home and across the country.
- **Valuable online resources:** Employees can easily track their deductible, view benefit, claims and spending account details, research cost estimates for care, and much more through their member account at [bcbsm.com](http://bcbsm.com) or on the Blue Cross mobile app.

### Health care spending accounts

Health plans can be paired with the following options:

- Health savings account, or HSA
- Health reimbursement arrangement, or HRA
- Flexible spending account, or FSA

Spending account	Compatible health plan	
	Small group	Large group (Self-funded with 50 or more eligible employees)
HSA	Simply Blue <sup>SM</sup> HSA PPO	Simply Blue HSA PPO
HRA	Community Blue <sup>SM</sup> HRA PPO Simply Blue <sup>SM</sup> HRA PPO	Community Blue HRA PPO Simply Blue HRA PPO
FSA	Can be paired with any health plan	

**Note:** HMO plans are also available through Blue Care Network.

### HSA

This spending account option allows employees to set aside money on a pretax basis to pay for qualified medical expenses. Employers may contribute to the account also to help grow employee savings.

### Value for employees

- HSA-compatible health plans typically have lower premiums and a limit on out-of-pocket expenses.
- Employee contributions, investment earnings and withdrawals for qualified medical expenses are all tax-free.
- Employees own the accounts, and balances roll over from year to year.
- Once the account reaches a certain balance, employees can invest their money.
- Funds can be used for the employee, spouse and taxable dependents.

### Value for employers

- Employer contributions reduce payroll taxes, lowering FICA, state and federal unemployment, and worker's compensation contributions.
- Lower premiums free up capital for use elsewhere in your business.
- Increased employee satisfaction through a lower-cost plan option.

## HRA

This spending account option allows employers to set aside money for employees to use to pay for qualified medical expenses. HRA options include:

- **Medical HRA:** This option can be used to pay for qualified medical expenses, including medical plan copayments and deductibles.
- **Limited-purpose HRA:** This option must be paired with an HSA and is used to reimburse qualified dental or vision services, or a combination of both.
- **Post-deductible HRA:** This option must be paired with an HSA and is used to reimburse qualified medical expenses, but only after the plan year deductible is met.
- **Retirement reimbursement arrangement, or RRA:**
  - Option 1. Rollover: Current funds roll over to an RRA, but future contributions are not allowed. Funds roll over from year to year until the account is depleted.
  - Option 2. One-time contribution: An employer makes a one-time contribution at retirement, with no future contributions allowed. Funds roll over from year to year until the account is depleted.

### Value for employees

- Funds are available to pay for qualified medical expenses.
- Funds can be used for the employee, spouse and taxable dependents.

### Value for employers

- Contributions are tax deductible, and reimbursements are tax-free when an employee files a claim.
- Having funds to help pay for medical expenses increases employee satisfaction.
- Employers control costs by choosing how much to contribute to employees each year.

## FSA

This spending account option allows employees to set aside money on a pretax basis to pay for qualified medical expenses. The following FSA options are available:

- **Medical FSA:** This option can be used to pay for qualified medical expenses, including medical plan copayments and deductibles.
- **Limited-purpose FSA:** This option is used to reimburse qualified dental or vision services, or a combination of both, when paired with an HSA.
- **Post-deductible FSA:** This option is used to reimburse qualified expenses only after the plan-year deductible when paired with an HSA.
- **Dependent care FSA:** This option is used to reimburse qualified dependent care expenses such as child care or elder care.

- **FSA — Spending Account Only<sup>1</sup>:** This option is used to reimburse qualified medical expenses for employees who don't have Blue Cross medical, dental or vision coverage.
- **FSA — Ancillary Only<sup>1</sup>:** This option is used to reimburse qualified medical expenses for employees who have Blue Cross dental or vision coverage or both, but don't have Blue Cross medical coverage.

### Value for employees

- Employee contributions can be automatically deducted from employee paychecks throughout the year.
- Employee contributions through payroll deduction and withdrawals for qualified medical expenses are tax-free.
- The full annual contribution amount is immediately available for use at the beginning of the plan year.
- Funds can also be used for the employee, spouse and taxable dependents.

### Value for employers

- Employers get payroll tax savings from employee contributions.
- Having funds to help pay for medical expenses increases employee satisfaction.

	HSA	HRA	FSA
Funding source	Employer, employee and others	Employer only	Employer, employee or both
Account ownership	Employee	Employer	Employer
Portability	Yes	No	No
Roll over	Yes	Employer discretion	Employer discretion (Up to \$500)
Fund investment	Yes	No	No
Debit card	Yes	Optional prescription drug only	Yes

### Best-in-class administration

Blue Cross partners with industry-leading administrators to deliver fully integrated consumer-directed health care plans. Our solutions offer a one-stop shop for all your benefit, enrollment, eligibility, membership, claims, billing and spending account management needs. This means simplified account management as well as online tools, resources and education.

### Questions and support

If you have questions or would like more information, contact your Blue Cross account manager or agent, or email CDH Product Strategy at [CDHStrategy@bcbsm.com](mailto:CDHStrategy@bcbsm.com).

<sup>1</sup>FSA — Spending Account Only and FSA — Ancillary Only are full medical FSAs.