

Health Insurance Proposal

- 1) The City offers employees 2 health insurance plans from which they can choose.
 - A traditional plan; and,
 - A Qualified High Deductible Health Plan (QHDHP)
- 2) The City creates an incentive to encourage employees to choose the QHDHP.
 - Monthly premium for traditional plan –
City = 85%, employee = 15%
 - Monthly premium for QHDHP –
City = 90%, employee = 10%
 - The City contributes to the employee's health savings account for QHDHP.

Qualified High Deductible Health Plan

- HDHP was part of the 2003 Medicare Modernization Act.
- HDHP lowers monthly premiums by increasing the deductible that plan members pay.
- HDHP includes Health Savings and/or Health Reimbursement accounts.

Health Savings Account

- An HSA is a tax-advantaged savings account that belongs to the employee.
- An HSA is administered by a bank, insurance company or approved third party trustee.
- The City and the employees can make contributions to the HSA. Employer contributions are tax-free deposits.
- The HSA covers deductibles, copayments and coinsurance payments and qualified health care expenses.
