

HSA Frequently Asked Questions:

1) I am a full time employee covered through my district, and am considering choosing a high deductible health plan that is H.S.A. compliant. Is there any out of pocket cost to me for the insurance? *MAYBE. If the cost for Moda Evergreen or Fir Plan together with any of the dental and vision plans totals less than the full CAP the district pays to OEBB for your insurance then there is no out of pocket cost to you. If the cost of your plan choices is more than the amount that the district contributes, you will pay the remaining amount as a payroll deduction.*

2) Am I eligible to open a Health Savings Account? *You must establish that you are not 1) being claimed as a dependent on another person's tax return. 2) Covered by any other health plan other than a qualified high deductible health plan.*

3) I am fairly healthy and like the idea of having no out of pocket cost for my insurance so I am interested in the high deductible health plans. However I don't qualify to open a Health Savings Account. Can I still enroll in the Moda Evergreen or Fir plan? *YES. Though you are eligible to open an HSA while enrolled on these plans, you are not required to do so.*

4) What does the District do with the money they save because I purchased a less expensive High Deductible Health plan? *The District will deposit the savings (CAP less the insurance cost) into your Health Savings Account monthly.*

5) May I also contribute pre-tax dollars from my paycheck to be deposited automatically into my H.S.A.? *Yes! The IRS regulates the maximum amount that may be contributed to an H.S.A. each year. The maximum amount includes the employer and the employee contribution. The amount changes each year and is listed on your district's H.S.A. page on the www.centraloregonrsp.org website.*

6) How do I open a Health Savings Account? *You may choose one of the Districts recommended vendors, or you may set up an H.S.A. at your own bank. If you choose the district's vendor, please print the form from our website and turn it into the payroll department. DO NOT enroll online, as we have a special enrollment process set up with our own vendors. If you choose your own bank, go to that bank to open the account first, again DO NOT enroll online. Please visit the bank in person and get the proper account numbers so our payroll department will know where to put your money. Complete the application on your district's H.S.A. page at www.centraloregonrsp.org and send it to your payroll office as soon as possible!*

7) What happens to the money after it is deposited into the H.S.A.?

- *Investments and Savings Advantages:*
 - *Balances roll over from year to year and your dollars are invested in interest-bearing accounts.*
- *Flexibility*
 - *HSA dollars can pay for qualified medical expenses defined by the IRS. Eligible expenses would include deductibles, co-payments, dental and vision expenses or doctor appointments, if not covered by other insurance.*
 - *You decide when to use your H.S.A. funds.*
 - *You may use your H.S.A. dollars as soon as the money is deposited into your account. You may also choose to have a debit card to access your money for your qualifying expenses. You don't need to submit receipts to the financial institution to request reimbursement.*
- *It's Portable*
 - *No matter where you go, your account remains yours. Even if you change jobs, change medical coverage, become unemployed, move to another state, or change your marital status, your H.S.A. stays with you. You own it!*
- *Tax Savings*
 - *Tax-free contributions*
 - *Tax-free growth*
 - *Tax-free distributions for qualified medical expenses*

8) Can I continue to have a Section 125 plan for my medical spending in addition to the H.S.A.? *NO. The IRS will NOT allow you to have money in a Section 125 while contributing to a Health Savings Account. This is very important because on the last day of your Section 125 plan year you must not have any money remaining in your Section 125 Flex plan. The district will "hold in trust" your H.S.A. contributions during the run out period for your Section 125, if your Flex dollars were used up in time, or 90 days into the new plan year if you had even \$0.01 in your Flex. However you can still use your Section 125 plan for dependent daycare reimbursement. Talk to your Flex Plan administrator for additional info.*

9) My spouse is employed elsewhere and also could enroll in a High Deductible Health Plan. Will the IRS allow both me and my spouse to be covered on more than one High Deductible Health plan? *YES. Double coverage is not prohibited, the law just requires the Health Savings Account owner to be insured on one or more qualifying High Deductible Health plans only. Each employee will need to open their own Health Savings Account for their own pretax payroll contribution, whether the employer contributes or not. See how Moda will coordinate your benefits and save you money on your deductibles if you are each double covered with the Moda Evergreen or Fir Plans!*
https://www.modahealth.com/oebb/faq_ben_med.shtml#22

10) My spouse is employed elsewhere and may or may not choose a High Deductible Health Plan through his employer. Do High Deductible Health plans coordinate benefits with other insurance carriers? *YES, the High Deductible plan provides typical insurance coverage and after your deductible has been met it will begin to pay claims and coordinate with other policies whether they are Moda or not. If you are double covered on another Moda plan, all bills are pooled together and submitted to both policies and count against each deductible. Visit the coordination of benefits FAQ's for further info: https://www.modahealth.com/oebb/faq_ben_med.shtml#22*

11) Will the IRS allow the H.S.A. account owner/employee, to be covered on a High Deductible Health Plan while also being covered on a plan that is NOT considered H.S.A. compliant? *NO. The H.S.A. owner (District employee) is not allowed to be covered on any other policies that are not considered H.S.A. compliant. Your dependents, however, may be covered on a lower deductible policy at the same time they are covered on the Moda Evergreen Plan.*

12) My spouse has a flexible spending account (section 125 plan) with his/her employer. Can I still open an H.S.A.? *NO. If your spouse has a general purpose FSA (unreimbursed medical) with his/her employer that allows reimbursements for your expenses, you are disqualified from contributing to an H.S.A.*

13) Can I spend my H.S.A. money on expenses for me and my dependents? *Yes, the IRS will allow H.S.A. money to be spent on eligible expenses for any 'tax' dependents (age 18 or less). They are not required to be insured on the Moda Evergreen or Fir plans. If you have children over age 18 who are covered on your insurance but are no longer your tax dependent, you may NOT use your H.S.A. dollars for their medical expenses.*

14) I am eligible for Medicare, but I don't plan to purchase part B. Can I open a Health Savings Account? *NO. If you are eligible for Medicare, you are provided Medicare part A (hospitalization) and you may not opt out of Medicare part A. The IRS requires the H.S.A. owner to only be insured on a High Deductible Health Plan, so participation in Medicare would disqualify you.*

15) I am an active employee, I am not eligible for Medicare but my spouse is on Medicare. Can I insure my spouse and/or still open a Health Savings Account? *YES. The law requires you the employee as the owner of the H.S.A. to be insured only on a qualifying High Deductible Health plan. As long as you are only covered on the Moda Evergreen or Fir plans, you can open a H.S.A. You may also cover your spouse on the Evergreen or Fir plans if you like. You may also spend your H.S.A. dollars on medical expenses for your spouse while covered on Medicare.*

16) Can I spend my H.S.A. money after I change plans later or become enrolled in Medicare? *Yes, you can spend your H.S.A. money on any qualifying expenses during or after you are insured on the high plan. If you are over age 65, the 20% tax penalty for withdrawing your money for non-qualified expenses no longer applies. However income tax still applies. You may also spend your H.S.A. dollars to buy Supplemental plans later when needed.*

17) What do I need to think about when considering purchasing a High Deductible Plan (Moda Evergreen or Fir)?

1. *Be careful to read all details available about the High Deductible health plan.*
2. *The plan has a large annual deductible for an employee only plan, or an even higher annual deductible for an employee plus dependent(s) plan. The deductibles must be met before the insurance company begins to pay any of your covered medical bills.*
3. *There is no separate pharmacy plan with co-payments for prescriptions. Your pharmacy will charge you the agreed price because you have insurance with Moda; however you will pay 100% of your pharmacy costs until the annual deductible has been met.*
4. *Deductibles and pharmacy expenses count toward the annual out of pocket maximums on the High Deductible Health Plan.*

18) What do I need to think about when considering opening a Health Savings Account (H.S.A.)?

1. *The H.S.A. owner may not be covered on any plan that is not a qualifying High Deductible Health Plan.*
2. *It is the employee's responsibility to be sure they spend their money for items that are considered "eligible expenses" according to IRS Publication 502. For more details, contact your personal tax advisor.*
3. *The IRS requires you keep sufficient records to show your withdrawals were used to reimburse qualified medical expenses. (Keep receipts in case you're audited.)*
4. *If you choose to withdraw funds from the H.S.A. for any "ineligible expense" you are subject to 10% or 20% penalty.*
5. *The IRS has a maximum contribution limit designated per calendar year. The limit varies depending on whether you are insuring just yourself or if you are insuring yourself plus any family members.*
6. *If you are at least 55 years of age and not currently participating in Medicare you can take advantage of a catch-up contribution up to \$1,000 per year over the maximum listed above. You can make the maximum contribution no matter when you turn 55 in the tax year.*

19) Are there any reasons a high deductible health plan (MODA Evergreen or Fir Plans) together with a Health Savings Account would not work for me? *Remember most benefits are not paid by the Evergreen or Fir plans until you meet the deductible. You may use your H.S.A. money to pay for those out of pocket expenses, but the money is only available after it has been deposited.*

If you did not find the answers to your question, please also visit the American Fidelity website:

<http://www.afhsa.com/customer-support/faqs.aspx> to review more Frequently Asked Questions

or e-mail your benefits department at benefits@hdesd.org