

Health Savings Accounts (HSAs)

Frequently Asked Questions

HOW A HEALTH SAVINGS ACCOUNT (HSA) WORKS

Q: What is an HSA and how does it work?

A: A Health Savings Account allows you to pay for eligible medical, dental, and vision expenses. If you elect the PPO Plus HSA Plan for 2019, the College provides a contribution to your HSA. You may add to your HSA account by making pre-tax contributions.

Q: How much is the College contributing toward the HSA?

A: In 2019, the College is contributing half of the PPO Plus HSA Plan's deductible amount: \$750 if you elect individual coverage and \$1,500 if you elect family coverage. Please note that if you are a New Hire electing into the PPO plus HAS plan, this contribution is prorated depending on when your start date is

Q: Can I contribute to the HSA?

A: Yes. We encourage you to add to your account. Any contributions you make are deducted from your paycheck on a pre-tax basis and deposited automatically into your account. Your account balance (including the College contribution) can be used for any eligible health care expenses throughout the year – or in future years.

Q: How much can be contributed to the HSA?

A: In 2019, the annual HSA maximum is \$3,500 for individual coverage or \$7,000 for family coverage – including the College contribution. You may contribute an additional \$1,000 if you are age 55 or older at the end of 2019.

Q: What happens to unused money in my account?

Any unused HSA balance carries forward into future years – even if you leave the College or retire. There is no “use it or lose it” provision as there is under a Flexible Spending Account. However, special rules apply if you also contribute to a Health Care Flexible Spending Account (see the “Participating in an HSA and an FSA” section below).

Q: When and how do I make my election if I want to contribute to the HSA?

A: You may elect a contribution amount as part of the Open Enrollment process. You can also elect, stop or change your contribution amount once per month. Changes made during the year will be effective as of the first of the month following the request. You may contact Human Resources to make a change or complete the enrollment/change forms on the HR website (go to “Forms”).

Q: Where can I get more information about the HSA (before I enroll or once I have an account)?

A: You may always contact the WageWorks Customer Service line at 1-877-924-3967 from 8:00 a.m. to 8:00 p.m. Monday through Friday. You will be asked to provide the last four digits of your Social Security number or your Employee ID but you can still speak to a representative if you do not have this information. Once you have an account, you can also log into www.wageworks.com (make sure to log in as an “Employee”) to manage your notifications, see your account balance and get reimbursed from your account.

Q: What information will I receive if I enroll in an HSA?

A: Our HSA provider, WageWorks, will send you the following information when you enroll:

- **An enrollment confirmation email** welcoming you to the HSA and providing login information (sent a few days after you enroll)
- **An HSA Quick Start Guide via mail** with helpful information about your HSA (mailed about two weeks after you enroll) and
- **A WageWorks Debit Card** to use for HSA expenses (sent separately).

Q: Am I eligible for the PPO Plus HSA Plan, including the Health Savings Account, if I am covered under Medicare?

A: If you have signed up for Medicare, you may elect the PPO Plus HSA Plan but are NOT eligible to contribute to an HSA. If you are considering signing up for Medicare, you may want to contact Human Resources for more information about the College medical options before you sign up for Medicare. If you enroll in the PPO Plus HSA Plan, and later enroll in Medicare, you may continue your coverage under the PPO Plus HSA Plan, but neither you nor the College can make additional contributions to the Health Savings Account.

Note that you are automatically enrolled in Medicare Part A if you begin receiving Social Security retirement income. You **must** notify Human Resources as soon as you are enrolled in Medicare Part A to avoid tax penalties.

ACCESSING MY HSA ACCOUNT

Q: How do I access my HSA funds?

A: Once you have eligible health care expenses, there are several ways to pay for the expense. You may access your HSA funds with the WageWorks debit card or through the following apps and features:

- EZ Receipts mobile app
- Pay My Provider via www.WageWorks.com
- Pay Me Back (to request reimbursement) or
- Pay Me (to request a check or direct deposit).

Q: Do I need to submit bills and receipts to verify my HSA expenses?

A: No. For the HSA, you do not need to submit documentation to WageWorks as the IRS currently does not require verification of bills and/or receipts for HSAs. (You should, of course, maintain your own records for future reference.) The IRS will impose an additional 20% tax on any part of the distributions that are not used for qualified medical expenses.

Q: How will I receive statements for my HSA?

A: The WageWorks HSA default is for paper statements to be mailed. If you don't change this option, a monthly fee of 75 cents will be deducted from your HSA. However, if you switch to electronic delivery (by going onto www.WageWorks.com, logging into your account and selecting edelivery), there is no fee.

Q: Are there any other fees to participate in the HSA?

A: There is a custodial/administrative fee of \$2.00 per month for HSA participants that will be deducted from your HSA each month. This fee is waived if your average daily account balance is over \$5,000.

PARTICIPATING IN AN HSA AND AN FSA

Q: Can I participate in a Health Care Flexible Spending Account and an HSA at the same time?

A: You may participate in an HSA and a *Limited Purpose* Flexible Spending Account at the same time.

Q: Why would someone have both an HSA and a Limited Purpose FSA?

A: You may save more on taxes by contributing to both accounts and each type of account offers somewhat different features. In 2019, the annual HSA maximum for a family plan is \$7,000 (\$3,500 for individual coverage). The maximum for a Limited Purpose FSA is \$2,700 which can be used for dental and/or vision expenses until you meet your plan's deductible. You can use it for medical expenses once you have met the deductible.

Also, if you participate in the Limited Purpose FSA, your full contribution amount is deposited into your account in January. With the HSA, the College contribution and your own contributions are deposited with each paycheck and you can only be reimbursed up to the balance in your account at that time.

Q: If I choose to also enroll in a Limited Purpose FSA, will the HSA and the Limited Purpose FSA be on the same card?

A: Yes. If you participate in both, the HSA and Limited Purpose FSA will be on the same card. If funds are available in both account types, money will be pulled from your Limited Purpose FSA first for eligible expenses.

Q: Do I need to submit bills and receipts to verify expenses for my Limited Purpose FSA (if I choose to have one in addition to my HSA)?

A: Yes. Per the IRS, all FSA transactions require submission of bills and/or receipts. Receipts will not be needed if a card transaction meets the following criteria:

- Match to a Recurring Transaction (You previously submitted a receipt for the same dollar value at the same merchant and it was approved)
- Health Plan Copayment Amount (The amount matches to your plan's copayment amount) or
- IRS-approved Inventory System (Prescriptions and FSA-eligible OTC items are confirmed eligible at the point of sale).

INVESTING MY HSA ACCOUNT

Q: May I invest the money in my HSA and receive investment earnings?

A: Yes. Once your HSA account balance reaches \$1,000, you may choose to invest in one or more investment funds. You have a choice of funds through BNY Mellon.

Q: Is there a minimum amount for each fund that I invest in?

A: No. The only minimum you need to be aware of is the \$1,000 amount noted above.

Q: Will I be taxed on my investment earnings?

A: No. You do not pay taxes on your investment earnings. You will, however, pay taxes – and a 20% penalty – if you use your HSA funds for ineligible expenses.

SPECIAL SITUATIONS

Q: What happens to my deductible amount if I change from family to individual coverage during the year?

A: Any deductible you met while under family coverage would count toward your individual coverage. For example, if you had already met \$1,000 of the deductible, that \$1,000 would count toward the individual deductible of \$1,500. Remember, though, that any change in coverage level must be due to a qualifying event (e.g., birth, marriage, divorce, etc.)

Q: What happens to my HSA balance if I terminate my employment with the College?

A: Your HSA balance is still available to pay for eligible health care expenses if you terminate your employment or retire from the College. You may also continue to use all of the WageWorks features (e.g., Customer Service via phone, access to your account through www.wageworks.com). The only differences are:

- You will be responsible for the monthly account maintenance fee of \$3.95 (deducted directly from your HSA account balance).
- The College will not make any additional deposits to your account. You may still make contributions to your account on an after-tax basis if you are enrolled in a “high deductible medical plan.”

What happens to my HSA balance if I should die?

A: Your beneficiary would be able to continue to use your HSA balance for eligible health care expenses.

THINKING AHEAD TO NEXT YEAR

Q: If I make an election during Open Enrollment for 2019, will my HSA contribution election automatically renew for 2020, or must I make a new HSA election every year? What about for the Limited Purpose FSA?

A: You do not need to re-enroll in the HSA each year. In fact, you may start, stop, or change your contribution amount during the year. You DO need to re-enroll in the Limited Purpose FSA each year; FSA participation and contributions do not continue from year to year.

Q: If I choose to make a contribution to my HSA in 2019, can I claim or withdraw those funds in 2020 or later?

A: Yes. Once funds are in your HSA, you are allowed to withdraw those funds at any time, as long as the funds are used to pay for an eligible health care (medical, dental or vision) expense. You have access to your HSA funds even if you leave the College or retire.

