



# Health Savings Accounts

## Central Oregon Community College HSA Frequently Asked Questions

### **What is a High Deductible Health Plan (HDHP)?**

The HDHP with HSA is a health plan option with deductibles of \$1,600 for the employee only and \$3,200 for an employee plus family. For high deductible plans, the IRS only allows two tiers, employee, and employee plus family. For the 2016-17 plan year, COCC will contribute 100% of the deductible on November 1, 2016 (the start of the plan year) to the employees HSA.

### **What is a Health Savings Account (HSA)?**

This is an account that can be funded by you as an employee of COCC and by COCC. This fund is established to help pay for eligible medical expenses not covered by the HDHP, such as the deductible and co-pays.

### **Why should I elect the high deductible and HSA plan?**

#### COST AND TAX BENEFITS

- HSA contributions are excluded from federal income tax
- Interest earnings are tax-deferred
- Withdrawals for eligible expenses are exempt from federal income tax
- Low cost to you for the HDHP premium
- Unused money can be held in an investment account – see HSA Bank details

#### CHOICE

- You control and manage your health care expenses
- You choose when to use your HSA dollars to pay for your health care expenses
- You choose when to save your HSA dollars and pay health care expenses out-of-pocket

#### LONG-TERM FINANCIAL BENEFITS

- Funds can be saved for future medical expenses (funds roll-over year-to-year)
- This is your account, you take it with you.

### **WHO IS ELIGIBLE TO ENROLL?**

#### **1. Who is eligible for COCC's High Deductible Health Plan (HDHP)?**

Benefit eligible employees of COCC have the option to enroll in a selection of OEBC PPO or Synergy Network plans, including Moda Medical Evergreen, the High Deductible Health Plan. The provider for both plans is Moda. Details and plan rates will be posted on COCC's Benefits website.

#### **2. Who is eligible to participate in COCC's HSA?**

COCC employees who are enrolled in the HDHP and do not have other medical coverage. Due to IRS federal regulations, certain employees and family members may not qualify for the HSA plan.

### 3. Who is NOT eligible to participate in the HSA plan?

- Employee's covered by another traditional Medical plan (such as a spouse's health plan)
- Employee's who do not enroll in COCC's high deductible health plan
- Domestic partners (unless he/she is considered a tax qualified dependent)
- **Anyone who is entitled to and enrolled in Medicare benefits (65yr +)**
- A dependent who can be claimed as a dependent on another person's tax return.

### 4. If a member of my family is NOT eligible to participate in the HSA plan (see prior question), then can I elect to enroll that member in the HDHP?

Yes, this is allowed. If you and a family member (family member not eligible to participate in the HSA) enroll in the HDHP, COCC's contribution into the HSA will be for the eligible participant only (meaning the employee). However, the funds in the HSA can be available for the medical expenses for yourself, your spouse and your tax-qualified dependent children.

### 5. What if my legal spouse is enrolled in another plan?

If your spouse is enrolled in another plan, then you have the option to elect COCC's HDHP as an employee only or employee plus family.

By enrolling in the HDHP as an employee only, your deductible will be \$1,600. COCC will contribute \$1,600 (employee only) in your HSA account. You still will be allowed to use the HSA account to pay for qualified medical expenses for yourself, your spouse and your tax-qualified dependent children.

By enrolling in the HDHP as an employee plus family (**with** tax-qualified dependent child/children), your deductible will be \$3,200. COCC will contribute \$3,200 deductible, for full time employees only, (employee and tax-qualified dependent child/children) in your HSA account. You still will be allowed to use the HSA account to pay for the qualified medical expenses for yourself, your spouse and your tax-qualified dependent children.

By enrolling in the HDHP as an employee plus family (**without** tax-qualified dependent child/children), your deductible will be \$3,200. COCC will contribute \$1,600 (employee only) of the \$3,200 in your HSA account. You still will be allowed to use the HSA account to pay for the qualified medical expenses for yourself, your spouse and your tax-qualified dependent children.

### 6. What if I'm not entitled to Medicare, but my legal spouse is?

**If your spouse is entitled and enrolled in Medicare**, then you have the option to elect the HDHP as an employee only or employee plus family.

By enrolling in the HDHP as an employee only, your deductible will be \$1,600 and COCC will contribute \$1,600 (employee only) in the HSA account. You still will be allowed to use the HSA account to pay for qualified medical expenses for yourself, your spouse and your tax-qualified dependent children.

By enrolling in the HDHP as an employee plus family, your deductible will be \$3,200 and COCC will contribute \$1,600 (employee only) in the HSA account. You still will be allowed to use the HSA account to pay for the qualified medical expenses for yourself, your spouse and, your tax-qualified dependent children.

### 7. What if my dependent children are covered under another plan?

If your dependent children are enrolled on another plan that is not a qualified high deductible health plan, then you have the option to elect the HDHP as an employee only or employee plus family.

By enrolling in the HDHP as an employee only, your deductible will be \$1,600 and COCC will contribute \$1,600 (employee only) in the HSA account. You still will be allowed to use the HSA account to pay for qualified medical expenses for yourself, your spouse and your tax-qualified dependent children.

By enrolling in the HDHP as an employee plus family, your deductible will be \$3,200. COCC will contribute \$3,200 (employee and tax-qualified dependent child/children) in your HSA account.

Either election (employee only or employee plus family) allows you to utilize your HSA funds for qualified expenses for yourself, your spouse and your tax-qualified dependent children. Tax-qualified dependent children are allowed to have dual coverage under the HDHP with HSA.

#### **8. Can I use the money in my HSA account to pay for my dependents' medical expenses?**

You can use the money in the account to pay for medical expenses of yourself, your spouse, or your tax-qualified dependent children. You can pay for expenses of your spouse and your tax-qualified dependent children even if they are not covered by your HDHP.

NOTE: Expenses for your spouse and dependents are only available to IRS tax-qualified dependents. Therefore, expenses for domestic partners and overage dependent children are generally not allowed.

### **HIGH DEDUCTIBLE PLAN AND HSA CONTRIBUTIONS**

#### **9. When will the deductibles for the HDHP and the Traditional plan be effective?**

The HDHP and Traditional plan deductibles will run October 1<sup>st</sup> through September 30.

For the 2016-17 plan year, COCC's contribution into the HSA accounts will coincide with the health plan deductible and will be available at the beginning of the plan year for FULL-TIME EMPLOYEES ONLY.

#### **10. How is the HDHP deductible different than Moda Alder Medical Plan?**

The Moda Alder Plan has a \$400 deductible per person in the family, with a maximum family deductible of \$1200, meaning the employee's deductible is \$400, the spouse or domestic partner has their own \$400 deductible, and only one \$400 deductible for children.

For employees who enroll with one or more dependents on the HDHP, the deductible is accumulative, meaning the entire family deductible (\$3,200) must be met before the HDHP will begin paying for services. COCC's contribution will be \$3,200 (employee, qualifying spouse or tax-qualified dependent, or both).

For employees who enroll as an employee only in the HDHP, the \$1,600 deductible must be met before the plan will begin paying for services. COCC will contribute \$1,600 (employee only).

#### **11. Is the prescription plan different than Moda Alder Plan?**

Yes, due to IRS federal regulations prescription costs must apply to the deductible. Therefore, until the high deductible is met, these costs will be considered out-of-pocket and, as a result, eligible for reimbursement under your HSA.

Once the deductible is met, 20% prescription coinsurance will apply.

## 12. How much will COCC contribute to my HSA account?

Contributions are only made by the College for **FULL-TIME EMPLOYEES**. If you enroll in the high deductible health plan (Moda Evergreen Medical Plan), COCC will contribute the full deductible to your HSA. This contribution is based on IRS federal tax-qualified dependents that enroll in the health plan. *While less than full-time employee may enroll in Evergreen Medical Plan and open an HSA account to contribute money themselves, the College will not contribute to their accounts.*

ENROLLMENT	DEDUCTIBLE	COCC CONTRIBUTION TO HAS *For Full Time Staff Only*
FT Employee only	\$1,600	\$1,600
FT Employee + legal spouse	\$3,200	\$3,200
FT Employee + dependents	\$3,200	\$3,200
FT Employee, legal spouse, + dependents	\$3,200	\$3,200

## 13. Can I contribute to my HSA account?

Yes, you can contribute funds in to your HSA account on a pre-tax basis via payroll deduction. Employees who participate in the HDHP are saving money by paying a lower monthly premium. This savings is a great opportunity to elect to contribute into your HSA fund. The annual combined HSA contribution limits (college and employee amounts) are the following:

- \$3,350 for individual coverage or \$6,750 for family coverage for the 2016 calendar year and \$3400 for individual coverage and \$6750 for family coverage for 2017.
- Individuals that are age 55 or older may be eligible to make additional contributions not exceeding \$1,000.

## MANAGING THE HSA ACCOUNT

### 14. How do I manage my HSA?

The HSA account is your account; the HSA dollars are your dollars. Since you are the account holder or HSA beneficiary, you manage your HSA account. You may choose when to use your HSA dollars and when *not* to use your HSA dollars. HSA dollars pay for any eligible medical expense. Most commonly, the HSA account holder will pay their out-of-pocket medical expenses (i.e. deductible and copays) associated with their HDHP plan with their HSA dollars.

### 15. What medical expenses are eligible for reimbursement from my HSA?

HSA dollars may be used for qualified medical expenses incurred by the account holder and his or her spouse and dependents. Qualified medical expenses are expenses for medical care and are outlined within IRS Section 213(d). In summary, IRS Section 213(d) states that *"the expense has to be primarily for the prevention or alleviation of a physical or mental defect or illness."*

In addition to qualified medical expenses, the following insurance premiums may be reimbursed from an HSA:

- COBRA premiums;
- Health insurance premiums while receiving unemployment benefits;
- Qualified long-term care premiums; and
- Any health insurance premiums paid, other than for a Medicare supplemental policy, by individuals ages 65 and over.

## **16. What expenses are NOT eligible for reimbursement from my HSA?**

The following expenses may not be reimbursed from an HSA:

- Premiums for Medicare supplemental policies;
- Expenses covered by another insurance plan; or
- Expenses incurred prior to the date the HSA was established.

## **17. What happens when my HSA funds run out?**

You may be financially responsible for any eligible medical expenses that fall within the coverage gap.

## **18. Can I use my HSA dollars for non-eligible expenses?**

Money withdrawn from an HSA account to reimburse non-eligible medical expenses is taxable income to the account holder and is subject to a 10% tax penalty, unless over age 65, disabled, or upon death of the account holder.

## **19. When can I start using my HSA dollars?**

You can use your HSA dollars immediately following your HSA account activation and once contributions have been made.

## **20. How do I pay my physician or facility at time of service with my HSA dollars?**

The billing process will be the same as the Traditional Plan has been in the past. You request that the provider submit your claim to your health plan. You should make sure that your provider has your most up-to-date insurance information. Once the medical claim has been processed by Moda, then any out-of-pocket expenses will be billed to you. At this time, you may choose to use your HSA debit card or HSA check to pay for your out-of-pocket expenses, or you may choose to write a personal check, receiving reimbursement at a later date.

You should always ask that your medical claim be submitted to Moda before you seek reimbursement from your HSA. This procedure will ensure that provider discounts are applied.

**Also, remember to keep all medical receipts and Explanation of Benefit statements that you receive from your providers and from Moda.**

## **21. What if I have HSA dollars left in my account at year-end?**

The money is yours to keep. It will continue to earn interest and will be available for you and your healthcare costs next year.

## **22. How do my remaining HSA dollars roll over at year end?**

Any dollars left in your HSA account at year-end will automatically roll over into next year's HSA account.

## **23. What happens to my HSA dollars if I leave my employer?**

The funds are yours to keep. You may elect one of the following options:

- Leave your funds in the current HSA account;
- Transfer your funds to an HSA with your new employer; or
- Transfer your funds to another qualifying account within 60 days.

Any account expenses must be paid by you after termination.

## **24. Can my HSA dollars be used for retirement health care costs?**

Yes, only for expenses eligible for reimbursement.



**25. My employer offers an FSA – can I have both an FSA and an HSA?**

COCC's Flexible Spending Arrangements (FSAs) are available to employees participating in the HDHP & HSA as a limited FSA Account.

The COCC's dependent daycare reimbursement account will be available to employees, regardless of the health plan that is selected.

**26. Which bank or financial institution can I use?**

COCC has made arrangements to work with HSA Bank. See HSA Bank Link on the COCC Health Benefit webpage for details regarding services and fees.