Staff Alliance’s Staff Health Care Committee Information  
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Notes from HSA Webinar 10/27/2011

Information was largely directed at Employer regarding Compliance & tax issues. However; many of these issues required conversation about plan design requirements.

Highlights:

If the university undertakes offering a HDHP + HSA health plan tier, extensive, sustained employee education will be necessary. While our new HDHP plan shifts more of the first-dollar costs to the employee, implementation of an HSA with an HDHP would also shift many of the responsibilities and penalties to the employee when reimbursements are made from the HSA.

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Eligibility Rules:

I use the term Individual rather than employee, because HSA rules apply to each member of the household covered, not just the employee

1) Individual must be covered by a HDHP (that meets design restrictions)
2) Individual must not be covered by a low or no deductible plan – unless it is “permitted coverage”, “permitted insurance” or “preventive care”
3) Individual must not be entitled to Medicare
4) Individual must not be able to be claimed as another person’s tax dependent.

**Eligibility and contribution limits are determined month by month, not an annual basis.

HDHP annual deductible must be at least $1,200 for self & $2,400 for family. Also, embedded deductibles are not allowed; the whole family deductible must be met before coverage kicks in for any family member.

Maximum out-of-pocket must not exceed $5,950 Self (2011) & $11,900 Family (2011) – This amount indexes each year

-The maximum annual HSA contribution is currently $3,050 Self & $6,150 Family. That amount is the maximum that can be contributed annually from all sources combined – employee, employer, (employers do not have to contribute to HSA’s but have the option to do so) , or anyone else eligible to contributed to the HSA, such as a covered family member.

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Only preventative coverage can be paid out of HDHP until deductible is met for the year.

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Principle health coverage must be provided through HDHP, but if dental and vision are not included in the HDHP, additional coverage for those costs will not prevent an employee from being eligible for an HSA.

Some other coverage allowed under HSA – Dental care and Vision care

What was not clear to me during the presentation was if you could use funds from the HSA to pay for Dental/Vision care, or if this would be subject to a taxable withdraw.

There are some HDHP designs available to allow both HSA & FSA, but they are highly restrictive for the FSA and would need to be considered with plan design.

Employees will require a lag time from enrollment in an HSA if they have an active FSA. Current open enrollment may be enough, clarification should be sought. The webinar discussed the subject from the assumption that the plan year is a calendar year. Because our plan year is on a fiscal year basis, further clarification will be necessary.

Wellness and disease management programs would have to be examined for eligibility with an HDHP + HSA offering. This could also impact any decisions regarding on-site clinics that have been brought up previously, though would not be an automatic disqualification for our health plan.

Married individuals (but not domestic partners, or financial interdependent partners, etc) have special rules governing their eligibility. We would need to get education materials made to explain this.

Because eligibility is determined on a month by month basis, there will need to be much discussion of when and how to fund the accounts. Options include: Pay by month, Pay for previous month, pay upfront (could result in negative tax implications to the employee if overpayments made)

Employer has a minimum requirement for determining employee eligibility for an HSA. We will need employee education to ensure we have all the information we need to determine our own eligibility status and that of our family members.

HDHP & HSA must be comparable, same dollar amount or same percentage of HDHP deductible, measure Full time employee-Full time employee but FTE defined as 30+ hours per week.

**HSA’s may not be covered under HIPAA’s definition of health plan and privacy rules.