



**Questions asked during our:**

**“HealthCare Spending Accounts – 101 HRAs and HSAs” Webinars**

(Presented by VEHI and HealthEquity: September 13 and 22, 2016)

Please note that some of the questions and answers have been altered for readability.

	<b>Question</b>	<b>Response</b>
1	Is an Aflac-type supplemental insurance policy is still allowed if using an HSA?	Yes, that is allowed.
2	Can a 65 year old employee access an HRA?	Yes, they can be offered an HRA.
3	Can an employer offer both HRA and HSA?	An employer can offer them for an employee to choose one or the other. If they offer them together there are specific rules that you'll need to follow. Specifically you will need to offer a post-deductible HRA if also providing HSA dollars. More information will be on our 10/11 and 10/17 webinars.
4	Can an adult child contribute to their own HSA if not a tax dependent but covered on the medical plan? Are the contributions still tax-free?	An adult child, on their parent’s health plan, is eligible to open their own HSA at the same level as the parent’s since they are not eligible to use their parent’s HSA funds. While contributions can be made by others (such as the parent), it is only tax-free for the adult child, other contributions would be post-tax for the contributor.
5	Can HSA funds be deposited so that they are available on day one of the plan year?	Yes, however, timing of any employer contributions would need to be determined during collective bargaining. Be aware eligibility to contribute is determined on a monthly basis. There are tax implications and potential penalties if the full federal maximum was contributed and the employee does not remain in the CDHP the entire calendar year.
6	Can HSA and/or HRA funds be used toward plan deductibles?	Yes for the HRA if it is agreed to in bargaining. HSA funds may be used for deductibles, however if you offer both HRA and HSA on the same policy, you must use a post-deductible HRA for the policy to remain HSA compatible. Information on a post-deductible HRA will be on our webinars 10/11 and 10/17.

7	Can HSA be used for non-medical issues with tax penalty?	HSA funds should not be used for any items other than qualified medical expenses. If funds are spent on non-qualified expenses they are subject to tax, plus penalties.
8	Can HSA dollars be used for non-health purposes after a certain age and can HSA dollars be provided to a beneficiary upon death?	Yes, after age 65 you can use the HSA dollars for non-health care expenses without incurring a penalty, but you will still be taxed on those non-eligible expenses. Yes, HSA dollars can go to a beneficiary upon death.
9	Can HSA's be enrolled only at open enrollment or special enrollment periods	HSAs can be opened anytime, as long as you are enrolled in a CDHP. But there can be limits as to how much money can be put in the HSA if it is mid-year enrollment.
10	Can the employer fund the "middle" \$600? Employee pays first \$300, employer pays next \$600, and employee pays last \$300?	Yes, that is possible. But, remember, if employees pay first, they cannot have a debit card.
11	Can we also set up an FSA through Health Equity? Monthly cost?	Yes. It is included with an HRA at \$3.45 or separately at \$1.95 per account per month.
12	Can we download slides?	The slides are on <a href="http://www.vehi.org">www.vehi.org</a> for your convenience, click the link under "latest news".
13	Can you briefly explain employer's role/responsibility in setting up/maintaining an HSA or HRA? What is it we need to do practically?	HSA – there is no application, there is an employer portal, enrolled employees will feed to HEQ from BCBSVT. A packet of information will be sent to the employees.  HRA - there is an application (7 pages with decision points). There is an employer portal and enrolled employees will feed to HEQ from BCBSVT. A packet of information will be sent to the employees.
14	Can you do 50% (or some other proportionate) HRA reimbursement rather than first/last?	HealthEquity cannot split each claim by 50/50%.
15	Can you share all questions with the group?	Yes, we will be creating an FAQ with the questions that were asked and answer.
16	Can you tell us what the amount of admin fees will be?	HSA- \$2.50 per account per month, HRA&FSA- \$3.45, FSA- \$1.95. These fees are addressed in the presentation.
17	Can you use an HSA for dental & vision?	Yes, you can use HSA \$ for vision, dental or other qualified medical expenses <u>not</u> covered by the health plan.
18	Can you use HRA funds to cover a non-tax dependent deductible if they are enrolled as a dependent on the medical plan?	Yes, on an HRA you can use the funds for any dependents on the health plan - not just 'tax dependents' like an HSA.

19	Do 125 plans go away with HSA and HRA accounts or are those funded within a 125 plan?	No, they don't go away. Rather, you incorporate your HSA &/or HRA plan details into the Section 125 to allow for pre-tax contributions or tax-free funding.
20	Do all of the decision points need to be outlined in agreed upon Collective Bargaining agreement or are some for administrative only? eg. Could administration decide to have the HRA distributed auto-pay to provider without negotiating "provider vs. auto-pay to the member"?	All decision points should be reviewed, discussed and agreed upon during the collective bargaining process.
21	Does each employee determine how funds are deposited into their HSA or does that need to be bargained?	Employer contributions will be need to be bargained. Employees can make their own determinations for their own contributions. Be aware eligibility to contribute is determined on a monthly basis. There are tax implications and potential penalties if the full federal maximum was contributed and the employee does not remain in the CDHP the entire calendar year.
22	Does Health Equity create Section 125 Plans?	No, however they provide plan documents to add to the section 125 plan.
23	Does the employer and employee earn interest?	The reserve account on the HRA is not earning interest for the employer. Employees earn interest on their HSAs.
24	Does the Fees include HCE testing	Highly compensated employees/ discrimination testing is included in the fees along with the HRA plan documents.
25	How/where can a non-tax dependent adult child set up their own HSA?	They are not required to use HEQ, they can use any bank or HSA administrator.
26	If a dependent opens an HSA, would we be charged for administration - \$2.50 PAPM	No, the dependent will be attached to the employee (if both through HealthEquity) and it will be waived.
27	If members are mapped to VEHI Gold CDHP because enrollment info is not received by BCBSVT due to negotiations not being completed how is the employer-employee contribution determined?	This will need to be determined during collective bargaining. Consult the district's attorney or the Uniserv director.

28	If we do not reach a negotiated agreement and have to implement a default plan for health insurance can that default plan include an HSA or and HRA because we have not negotiated that successfully?	Employers may establish an HSA for those employees enrolled in a CDHP on 1/1/2018 regardless of whether the enrollment was by choice or by default. The employer must notify the employee of this action. The establishment of an HSA does not require any funding by employer or employee. An HRA cannot be established without a Plan document in place. Decisions necessary to complete a Plan document must be decided in collective bargaining. The HRA can only cover claims that occur after the account is established. See VEHI memo on this topic for further information.
29	If you integrate the HSA with Blue Cross BS- how does employee indicate they would like to cover deductible personally rather than access HSA dollars?	Payment to providers is not automatic so if they do not want to use the dollars they are not required to.
30	If you leave your employer with a HSA balance or switch to a non-CDHP plan when you have a balance in your HSA, what are the limits to what you can do with your rolled-over HSA funds?	HSA dollars belong to the employee. The account holder can <u>contribute</u> to their HSA as long as they are in a CDHP. The employee can continue to <u>use</u> their HSA dollars for qualified expenses even if they are no longer enrolled in the CDHP.
31	Is there any dental coverage?	There is no dental coverage under the BCBS/VEHI plans, neither today nor in 2018.
32	Is this a change for teachers?	You may have a stand-alone dental plan outside of BCBSVT.
33	What are typical fees to administer an HSA	HSA- \$2.50 Per account per month, HRA & FSA- \$3.45, FSA- \$1.95.
34	What happens if only a few employees haven't made a decision about the plan option - are all employees put into the default plan or is it just the few employees who did not make a decision?	We will only default those who the business office tell us that they don't have an answer for by 11/15/17 to be sure they have coverage. We will move the entire group to the default if nothing is received from the business office by 11/15/17.
35	What if an employee leaves? Does the employer still pay the fee for the former employee?	If the HSA continues, it will be transitioned to an individual account and they would be charged for any applicable fees.
36	What would it cost for the annual tax reporting?	Employee tax forms for an HSA are sent by HEQ directly to the employee. Employers with HRAs can find forms on the HEQ portal. There is no cost for these reports to either employer or the employee.
37	When would a debit card not be available for a HRA?	If the Employee is expected to pay first dollar, than the debit card is not allowed, as it can cause confusion.

38	Who is legally liable for the proper and legal use of these HSA, etc. plans?	With regard to the use of HSA funds, the account holder (employee) will be responsible for how they use the funds, subject to an IRS audit.
39	Will deductibles be prorated for 1/1/18 - 6/30/18?	Deductibles run on a calendar year January 1-December 31st. This is not a change from today. They will not reset in July.
40	Will employers know what providers are billing employees and how much? I'm wondering what level of privacy the payment process will give employees.	Absolutely not. The employer will have no access to claims.
41	Will Health Equity be assuring that payments are made for appropriate expenses?	For HSAs it is the employees' responsibility to be using the funds for appropriate services. An HRA will require substantiation either via the integrated claims feed from BCBS or via claims submitted by the employee (vision, dental, etc.). The HRA will pay based on the agreed upon terms of the collective bargaining agreement.
42	Will HSA accounts be set up for employees if a District or SU go to the default plan for some reason?	Employers may establish an HSA for those employees enrolled in a CDHP on 1/1/2018 regardless of whether the enrollment was by choice or by default. The employer must notify the employee of this action. The establishment of an HSA does not require any funding by employer or employee. See separate VEHI memo on this topic.