

# High Deductible Health Plan with H.S.A Frequently Asked

## **1. What is a High Deductible Health Plan (HDHP) with H.S.A.?**

A HDHP is a medical plan in which the plan does not cover your medical, prescription, or behavioral health services until a deductible is satisfied. The exception is in-network preventive care which does not require that the deductible be satisfied first.

## **2. What is my deductible and out-of-pocket maximum on the HDHP with H.S.A.?**

For Plan Year 2019-2020, the annual in-network deductible is \$1,500 for an individual and \$3,000 for a family. The annual out-of-network deductible is \$3,000 for an individual and \$6,000 for a family. Once the annual deductible is satisfied, 15% co-insurance for in-network services or 50% for out-of-network services applies, until the point that you reach your out-of-pocket maximum.

The annual in-network out-of-pocket maximum is \$3,275 for an individual and \$6,550 for a family. The annual out-of-network out-of-pocket maximum is \$6,550 for an individual and \$13,100 for a family. Once the applicable out-of-pocket maximum is met, eligible services are covered at 100%.

Non-compliance penalties, non-covered services and out-of-network provider charges in excess of the maximum reimbursable charge (difference between billed amount for service and the contracted rate with the health plan) do not count toward the out-of-pocket maximum.

## **3. Is prescription and behavioral health coverage included in the HDHP?**

Yes. Maricopa County bundles its prescription and behavioral health benefits along with its medical coverage. Eligible expenses incurred for prescription and behavioral health count towards satisfying your deductible and out-of-pocket maximum.

## **4. Since co-payments are not used with the HDHP, will I be required to pay the full cost of a doctor's visit?**

If you go to a contracted provider for a non-preventive visit, you will be required to pay the full contracted (discounted) rate for the office visit until you have reached the applicable deductible. Once the annual deductible is satisfied, 15% co-insurance for in-network services or 50% for out-of-network services applies, until the point that you reach your out-of-pocket maximum. In-network preventive visits are provided at no cost.

The H.S.A. may be used to cover eligible healthcare expenses, such as out-of-pocket costs for which you are financially responsible.

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## **5. What is a Health Savings Account (H.S.A.)?**

A Health Savings Account (H.S.A.) is a tax-advantaged medical savings account that allows individuals to set aside pre-tax dollars to pay for current and future eligible medical expenses. Maricopa County offers this type of account to individuals who are enrolled in a HDHP and who are not covered under any other health insurance including Medicare.

Contributions to an H.S.A. are pre-taxed and earn interest, and may be made by the employer, the employee or both. Since H.S.A. funds are intended to be used to pay for qualified medical expenses, using such funds for other purposes may result in penalties and other tax liabilities. As with other types of savings accounts, any money not spent will accumulate from year to year and the balance will be available to you when you need it.

## **6. What expenses are eligible for payment or reimbursement from the H.S.A.?**

Qualified expenses are those that would generally qualify for the medical, vision and dental expense deduction.

**IRS Publication 502** <http://www.irs.gov/publications/p502/> has a complete list of eligible expenses.

## **7. How do I open my H.S.A.?**

Once you enroll in the HDHP, you may open a H.S.A. by granting the County permission to open an account on your behalf. You may grant this permission when you make your benefit elections in the Benefit Enrollment System. Receipt of your H.S.A. debit card is an indication that your account has been opened.

## **8. When does the H.S.A. become effective?**

The H.S.A. is opened once the bank receives and processes the eligibility file; provided you are an eligible individual and you meet the following requirements:

- You must be covered under a HDHP on the first day of the month
- You must not have other health coverage except what is permitted under IRS guidelines
- You must not be enrolled in Medicare
- You cannot be claimed as a dependent on someone else's tax return
- You do not receive health benefits under TRICARE
- You have not received Veterans Administration (VA) benefits within the past three months prior to your eligibility.

Expenses incurred under the HDHP cannot be paid for with monies in the H.S.A. unless the date of service for those expenses occurred on or after your H.S.A. was opened.

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### **9. Are there fees associated with the H.S.A.?**

Fees are not assessed if your employment status with the County remains as “Active” and you are enrolled in a County-sponsored HDHP medical plan. However, you are responsible for bank administrative fees for options such as check orders, paper statements, etc.

### **10. How do I fund my H.S.A.?**

Both the employee and the employer may contribute to the employee's H.S.A. in the same year. Maricopa County will contribute a lump sum of \$500 for individual coverage and \$1000 for family coverage per Plan Year. This funding will occur at the beginning of the plan year if the H.S.A. has been opened. New employees or newly-eligible employees who enroll in the HDHP after July 1 will receive a pro-rated contribution from the County (based on the number of days remaining in the Plan Year).

You may also elect to make additional contributions to your H.S.A. through pre-tax payroll deductions taken each pay period. Annual contribution elections made during Open Enrollment will be divided by 24 pay periods. New employees or newly-eligible employees will have their annual contribution amount divided by the number of pay periods remaining in the Plan Year and that is what will be deducted from their paycheck each pay period.

### **11. Can I transfer H.S.A. funds from an existing H.S.A. to a new H.S.A.?**

Yes. Employees may choose to change HDHP medical plans, or have an existing H.S.A. from a previous employer's plan, and want to consolidate H.S.A. funds in their new bank account. You may choose to have Maricopa County open the H.S.A. account on your behalf when you make your medical plan election in the Benefit Enrollment System. After you have received the new H.S.A. debit card, contact your banking provider from the previous plan year to submit a transfer form and funds will be sent to the new H.S.A. account.

You may also choose to keep both H.S.A. accounts open. However, your H.S.A. account that is not linked to an active medical plan would be a private account, so bank maintenance fees would apply. Contact your applicable H.S.A. bank provider for details on any applicable fees.

### **12. Is there a minimum amount I may contribute to the H.S.A.?**

Employees may choose to waive their contribution by electing \$0 for their annual H.S.A. contribution amount. Employees who choose to make a contribution to their H.S.A. will be required to elect a minimum annual contribution of \$240.

### **13. Is there a maximum amount that I may contribute to the H.S.A.?**

Yes. The IRS annual contribution limit is \$3,500 for employee only coverage, and \$7,000 for family coverage. These limits include the annual County contribution. If you are an eligible individual age 55 and older, you may contribute an additional \$1,000 catch-up contribution.

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### **14. What happens if my H.S.A. does not have enough funds to cover the costs I incurred?**

Only the money that is in your H.S.A. at any given time is available for your use. Should you need to cover out-of-pocket expenses in excess of your account balance, you may want to consider depositing additional funds into your H.S.A. (outside of payroll). Or, you may try to make arrangements to pay providers over the course of time while contributions accumulate in your H.S.A.

### **15. Can I change my H.S.A. contribution if necessary?**

Yes. You may make changes to or stop your H.S.A. contribution at any time by accessing the Benefit Enrollment System. Although changes can be made, you are ultimately responsible for monitoring your annual contribution to ensure you do not exceed the IRS annual limit.

### **16. Can my dependents use my H.S.A.?**

The IRS determines the dependents whose eligible expenses qualify under the H.S.A. Individuals other than yourself who can use the H.S.A. include your spouse, any dependent you claim on your tax return, and any person you could have claimed but did not. For additional information, go to [www.irs.gov/publications/p969/ar02.html](http://www.irs.gov/publications/p969/ar02.html).

### **17. How do I keep track of my H.S.A. balance?**

You may track your H.S.A. balance by logging into your account on your applicable health plan webpage or calling the number on the back of your H.S.A. card.

### **18. What happens at the end of the Plan Year if I have not used all the money in my H.S.A.?**

The money in your account will roll over to the next year and be available for your use when you need it to pay for qualified medical expenses.

### **19. Can I be enrolled in other health coverage and still participate in the H.S.A.?**

The IRS requirements for the H.S.A. are that you must not be enrolled in another health insurance plan, either as an employee or dependent, other than another high-deductible health plan, or a plan providing specific, limited coverage (such as specific disease or illness insurance, dental insurance, vision insurance, disability or long-term care insurance).

**Medicare:** In general, a person turning age 65 is automatically enrolled in Medicare Part A which is hospital insurance. If you are enrolled in a HDHP through Maricopa County, your coverage would be considered primary and Medicare Part A would be secondary. In accordance with IRS regulations, you will no longer be eligible to contribute to your H.S.A. because you cannot be enrolled in other health insurance coverage such as Medicare.

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If you are Medicare eligible, you will be required to sign a statement of understanding to certify whether you are or are not enrolled in Medicare. If you are not enrolled in Medicare you may continue to make contributions to a H.S.A.

### **20. What happens to my H.S.A. when I retire or leave employment with Maricopa County?**

Your H.S.A. is portable and you can take it with you when you leave. You have the option of leaving the funds in your bank account, or withdrawing them and having a check issued to you. Any funds withdrawn and not re-deposited into another H.S.A. may be subject to penalties and are considered taxable income. Consult your tax advisor for guidance.

### **21. Where can I find information regarding the rules that govern H.S.A.s?**

The Internal Revenue Service Web site is a good source for information about Health Savings Accounts. IRS Publication 969 is particularly helpful.

Go to **[www.irs.gov/publications/p969/ar02.html](http://www.irs.gov/publications/p969/ar02.html)**.

**Disclaimer:** These FAQs are intended to provide brief and general information about Maricopa County benefits. If there is a discrepancy between the information provided in these FAQs and the Official Plan documents or IRS Regulations, the Official Plan documents and IRS Regulations govern.