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# HIGH DEDUCTIBLE HEALTH PLAN AND HSA | FREQUENTLY ASKED QUESTIONS

## 1. What is a High Deductible Health Plan (HDHP) and HSA?

A HDHP is a medical plan in which the plan does not cover your medical, pharmacy, 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. The HSA is a financial tool allowed by the I.R.S. to support the HDHP medical plan.

## 2. What is my deductible and out-of-pocket maximum on the HDHP and HSA?

For Plan Year 2023, 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 pharmacy and behavioral health coverage included in the HDHP?

Yes. Maricopa County bundles its pharmacy and behavioral health benefits along with its medical coverage. Eligible expenses incurred for medical, pharmacy 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 HSA may be used to cover eligible healthcare expenses, such as out-of-pocket costs for which you are financially responsible.

# HIGH DEDUCTIBLE HEALTH PLAN AND HSA | FREQUENTLY ASKED QUESTIONS

## 5. What is a Health Savings Account (HSA)?

A Health Savings Account (HSA) 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 HSA are pre-taxed and earn interest, and may be made by the employer, the employee or both. Since HSA 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 HSA?

Qualified expenses are those that would generally qualify for the medical, vision and dental expense deduction. It is highly recommended that you save documentation of contributions and distributions for tax purposes.

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

## 7. How do I open my HSA?

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

You will be required to respond "I Accept" in Workday to the following statement:

If you enroll in a Health Savings Account (HSA) with a High Deductible Health Plan, you appoint Maricopa County as your agent to act on your behalf in order to open a bank account. You also authorize Maricopa County to send and receive information to and from your health plan and the bank administering your HSA. In addition, you authorize the bank to make any inquiries that it considers appropriate to determine if it should open and maintain your HSA.

Finally, your HSA Account may be delayed if you have a PO Box as your address in Workday at the time of completing your benefit elections. In some cases, the bank may also request additional documentation such as a copy of a valid photo identification card or Social Security card to verify your identity prior to opening an account on your behalf.

# HIGH DEDUCTIBLE HEALTH PLAN AND HSA | FREQUENTLY ASKED QUESTIONS

## 8. When does the HSA become effective?

The HSA 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 HSA unless the date of service for those expenses occurred on or after your HSA was opened.

## 9. Are there fees associated with the HSA?

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 HSA?

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. Contribution elections made during Open Enrollment will be divided by 26 pay periods. New employees or newly-eligible employees will have their contribution amount divided by the number of pay periods remaining in the Plan Year to determine the pay period deduction amount.

## 11. Can I transfer HSA funds from an existing HSA to a new HSA?

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 HSA funds in their new bank account. After the new account is open and you have received the new HSA debit card, contact your banking provider from the previous plan year to submit a bank transfer form and funds will be sent to the new HSA account.

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

## HIGH DEDUCTIBLE HEALTH PLAN AND HSA | FREQUENTLY ASKED QUESTIONS

### 12. Is there a minimum amount I may contribute to the HSA?

Employees may choose to waive their contribution by electing \$0 for their annual HSA contribution amount. Employees who choose to contribute to their HSA will be required to elect a minimum annual contribution of \$260.

### 13. Is there a maximum amount that I may contribute to the HSA?

Yes. The IRS annual contribution limit is \$3,850 for employee only coverage, and \$7,750 for family coverage. These limits include the County contribution. If you are an eligible individual age 55 and older, you may contribute an additional \$1,000 catch-up contribution.

### 14. What happens if my HSA does not have enough funds to cover the costs I incurred?

Only the money that is in your HSA 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 paying the funds from another financial source such as checking or savings accounts and then reimburse yourself from the HSA after pre-tax funds have been deposited. Or, you may try to arrange to pay providers over the course of time while contributions accumulate in your HSA from payroll contributions.

### 15. Can I have both a FSA and a HSA account?

IRS regulations allow you to own a HSA along with a Limited Scope FSA, which can be used to reimburse dental and vision qualified expenses only. You would also have the option to enroll in a Dependent Care FSA, which would allow for pre-tax dollars to reimburse childcare expenses for a dependent under the age of 13 or qualified adult care services.

If you select to change plans from the Network Plan or PPO Plan to a HDHP and HSA Plan or vice versa when experiencing a HIPAA Special Enrollment Event (Birth, Adoption, Marriage, and Loss of Other Coverage), and have a FSA, You will have to waive your FSA. In addition, if you are switching to a HDHP and HSA, you would not be able to contribute to an HSA, unless you have exhausted your Medical FSA balance by December 31st.

**NOTE:** For all employees who select a HSA-qualified plan during Open Enrollment and have unused Medical FSA dollars at the end of the plan year, the County will withhold all contributions to the HSA until the first day of the month following the end of the Medical FSA grace period.

## HIGH DEDUCTIBLE HEALTH PLAN AND HSA | FREQUENTLY ASKED QUESTIONS

### 16. Can I change my HSA contribution if necessary?

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

### 17. Can my dependents use my HSA?

The IRS determines the dependents whose eligible expenses qualify under the HSA. Individuals other than yourself who can use the HSA 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).

### 18. How do I keep track of my HSA balance?

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

### 19. What happens at the end of the Plan Year if I have not used all the money in my HSA?

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.

### 20. Can I be enrolled in other health coverage and still participate in the HSA?

The IRS requirements for the HSA 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 HSA because you cannot be enrolled in other health insurance coverage such as Medicare.

If you are Medicare eligible, you will be required to update your Medicare status in Workday. If you are not enrolled in Medicare you may continue to make contributions to a HSA.

### 21. What happens to my HSA when I retire or leave employment with Maricopa County?

Your HSA 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 HSA may be subject to penalties and are considered taxable income. Consult your tax advisor for guidance.

## HIGH DEDUCTIBLE HEALTH PLAN AND HSA | FREQUENTLY ASKED QUESTIONS

### 22. Can I continue to work beyond age 65 and contribute to a HSA?

According to the IRS, you cannot contribute to a HSA in any month that you are enrolled in Medicare. If you have an HSA and want to continue working beyond age 65, these are some things to consider:

First, if you have NOT filed an application for either Social Security retirement benefits or Medicare, you can continue to contribute to your HSA until you stop working.

Secondly, if you signed up for Medicare Part A but have NOT applied for Social Security retirement benefits, you can withdraw your application for Part A to continue contributing to your HSA. There are no penalties to do this, and you can reapply for Part A at any future date. Contact the Social Security Administration at 1 (800) 772-1213.

Thirdly, if you choose to delay Medicare enrollment so you can continue contributing to your HSA, you must also wait to collect Social Security retirement benefits. When you sign up for Social Security, the government will also sign you up for Medicare Part A. It isn't possible to sign up for Social Security and opt out of Part A.

Finally, as a retirement heads up: Social Security provides 6 months of "back pay" in retirement benefits if you are 6 months or more beyond your full retirement age. This back dates your Part A enrollment date. To avoid penalties on your HSA, the IRS rules say you need to stop contributing to your HSA as of the Social Security back dated enrollment date.

### 23. Where can I find information regarding the rules that govern HSA'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.