



# The Orthodox HealthPlan

## Frequently Asked Questions Regarding Health Savings Accounts

Health savings accounts put your health care spending in your own hands. You decide when and how to use your health care dollars and you can save on taxes in the process. If you have questions about your HSA, you may call GDC (OHP Plan Administrators) at 203-367-4070 or your benefits office.

*Note: This document has general HSA information. For more information on the HSA for OHP, please refer to the plan summary.*

### Q What is the OHP HSA?

**A** The OHP HSA is a High Deductible Health Plan along with a tax-exempt trust or custodial account that is set up exclusively for paying for eligible medical expenses. Funds roll over from year to year, can earn interest and accumulate for future health care needs.

To be eligible for the HSA, you must be covered under our high-deductible health plan (HDHP), you cannot be enrolled in Medicare, cannot be enrolled in another health plan, and cannot be claimed as a dependent on someone else's tax return.

### Q Are HSAs and HDHPs the same thing?

**A** No. The term "HSA" is used to describe the whole plan, but they are actually two parts. The HSA is the account in which you save money for eligible health care expenses, and the HDHP is the health insurance plan. Enrollment in the HDHP is what allows you to contribute to your HSA.

### Q How does the HSA work?

**A** It's just like a bank account set up for a specific purpose.

- You save money in the HSA through direct contributions into your account.
- When you have an eligible expense, you can withdraw money from your HSA to pay for it (or, you may decide to save your HSA money or the future or for planned expenses, such as a pregnancy or braces).
- After your eligible expenses reach your HDHP deductible, your health plan coverage starts. This means that you will only have to pay part of the costs involved with your health care (known as coinsurance) and the plan pays for the rest.



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## Q What do I have to do to establish my HSA account?

**A** OHP has established an HSA plan for contributions thru PayFlex. You can make employee contributions thru PayFlex as well, or you can choose any financial institution you want.

A portion of the premium paid by the parish is considered an employer contribution. Employer contributions are reported on the Form W-2 as non-taxable earnings.

## Q How do I make contributions to my HSA?

**A** You can use the deposit feature on the PayFlex member website to make post tax contributions to your HSA. When you make a post-tax contribution, you can claim a deduction on your federal tax return. You may also make a one-time tax-free distribution from an IRA to your HSA. The distribution must be under the annual contribution limit for the year in which you make the contribution, and the amount from your IRA will count towards your annual HSA contribution.

## Q Do my HSA contributions have to be made in equal amounts each month?

**A** No, you can contribute in a lump sum or in any amounts or frequency you wish. However, your financial institution may impose minimum deposit and balance requirements.

## Q Is there a limit to how much money I can put into my HSA?

**A** Yes. Every year, the IRS sets new contribution limits for HSAs. Here are the limits for 2020:-

Coverage	Maximum annual contribution
Individual	\$3,550
Family	\$7,100

People age 55 and older who are eligible for HSAs can contribute an extra \$1,000 per year. You can contribute the whole catch-up amount for the year in which you turn 55 as long as you have coverage through the entire year.

## Q What types of insurance and other coverage can I have and still be eligible for an HSA?

**A** To be eligible for an HSA, you must be enrolled in a high-deductible health plan. Federal law prohibits you from being enrolled in other health plans, including Medicare and general-purpose flexible spending accounts (FSAs) that are not high-deductible health plans.

Other types of coverage that do not negatively affect your eligibility for an HSA include:

- Accidental insurance
- Disability insurance
- Dental care plans
- Vision care plans
- Long-term care insurance
- Insurance for a specific illness or disease
- Workers' compensation
- Insurance that pays a fixed amount for hospitalization



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## Q What is a deductible?

**A** A deductible is the amount you pay before your insurance coverage kicks in. For example, OHP's HSA plan individual deductible is \$3,000, you pay all expenses up to \$3,000 before your health plan coverage starts.

For 2020, the OHP HSA deductibles are:

Coverage	Deductible
Individual	\$3,000
Family	\$6,000

## Q What does the HSA plan cover?

**A** The OHP HSA plan covers everything from office visits, laboratory tests, eye exams, prescriptions and other common health care services. You pay for your costs under the deductible (with tax-free money from your HSA, if you want), and after you reach the deductible, the health plan coverage kicks in. Preventive services may be covered at 100% and are not subject to the deductible. Once the plan coverage starts, services are commonly covered at 90 percent or 100 percent in network. The plan also has an out-of-pocket maximum, which is the most you would have to pay in a plan year.

## Q What are eligible medical expenses?

**A** Your HSA can be used to pay for a variety of health care expenses incurred by you, your spouse and your dependents. Doctor visits, chiropractor fees, prescription drug copayments, dental care and vision care not otherwise covered by a health plan are all eligible health care expenses.

For a list of eligible health care expenses, visit your personal page on [PayFlex.com](https://www.payflex.com) to view the Eligible Expense Table

## Q Will I be Billed by my provider?

**A** Yes. Office visits and most diagnostic and laboratory tests are eligible medical expenses, so you can use money from your HSA to pay your provider's bill.



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### Q How do I pay for medical expenses from my HSA?

- A** With PayFlex, you have 3 ways to pay for expenses:
- Using the PayFlex Debit card your expenses are paid automatically from your account
  - Using PayFlex's online feature you can pay your provider directly from your account
  - Pay for eligible expenses with cash, check or personal credit card, then withdraw funds from your Payflex HSA to pay yourself back.

### Q Does the money in my HSA earn interest?

- A** With the Payflex account, once your balance exceeds \$1,000 you can begin to invest your HSA dollars. If you open an account outside of Payflex, you will need to check with that financial institution

### Q How do I keep track of my HSA balance?

- A** Payflex will send Form 5498 to you after each tax year. This form includes all contributions and distributions for the year. If you are using a different financial institution to make your after-tax contributions, check with them for other tracking options, such as online access or monthly statements.

### Q What happens to the money in the HSA if I don't use it all in one year?

- A** The money in your HSA belongs to you, so if you have a balance in your HSA at the end of the year, it simply carries over to the next year.

### Q What are the tax benefits of an HSA?

- A** The amount of money you save in your HSA each year is not taxed (up to the annual IRS contribution limit). When you contribute to your HSA with after-tax money, you can deduct your contributions when you complete your Form 1040 (be sure to complete Form 8889 to designate your HSA contributions).

### Q Can I use the money in my HSA to pay for medical insurance premiums?

- A** Generally no, unless it is for COBRA continuation coverage, health coverage while receiving unemployment compensation, qualified long-term care insurance premiums, or health insurance (other than Medicare supplemental insurance) after you reach age 65.

### Q Can I use money in my HSA for something other than an eligible medical expense?

- A** Any HSA distribution that is not used exclusively to pay for eligible medical expenses is subject to regular taxes and an additional 20% penalty. Exceptions to the 20% penalty are for distributions made after the account owner's death, disability, or attaining age 65.



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### Q What are my obligations with an HSA?

**A** The account holder (that is, you) are responsible for funding and maintaining your HSA in accordance with HSA regulations. This means that you need to ensure that contributions do not exceed the annual maximum, and that distributions for non-eligible expenses are added back to your gross income.

Also,

- Keep records of your expenses
- Complete Form 8889 when you do your annual taxes.
- Ensure you do not have any other medical coverage (other than the HDHP) including access to a general purpose health care FSA through a spouse.
- Ensure you cannot be claimed as a dependent on someone else's taxes.

### Q Can both spouses in a family contribute to an HSA?

**A** Yes. Married couples who are both enrolled in a high-deductible health plan can contribute up to the statutory maximum for family coverage.

### Q HSA contributions are federally tax deductible, but what about state taxes?

**A** Most, but not all states have passed legislation to allow state tax deductions for HSA contributions. HSAs contributions are not currently deductible for state taxes in California, Alabama and New Jersey.

### Q What disclosure is required for tax purposes?

**A** You should consult your tax advisor regarding your disclosure obligations. Receipts for expenses paid with HSA funds should be retained to prove to the IRS that:

- Eligible medical expenses were incurred;
- Expenses were not reimbursed from another source; and
- Expenses were not deducted from income taxes.