



MASSACHUSETTS

HealthEquity®



Health Savings Accounts with HealthEquity

December 18, 2017

WHAT IS A HEALTH SAVINGS ACCOUNT (HSA)?

Triple tax-advantaged account that allows money to be put aside to pay for qualified medical expenses.

- HSA contributions are not subject to federal income tax.
- Tax free earnings on dollars accumulating in the HSA.
- Tax free withdrawals for qualified medical expenses.



The employee controls the money in their account. He/she can:

- Use for [eligible expenses](#) incurred by themselves, spouse and qualified tax dependents.
- Unused funds rollover from year to year.
- Employees keep the money in the HSA account even if they change jobs.

Massachusetts does not tax HSA contributions. Employees should refer to their tax advisor to confirm how their state handles HSAs.

HSA ELIGIBILITY REQUIREMENTS

In order to contribute to an HSA, participants must meet the following criteria:

- Must be enrolled in a qualified High Deductible Health plan (HDHP)
- Cannot have other health coverage (see IRS Publication 969)
- Cannot be enrolled in any part of Medicare or Medicaid. ***The employee is enrolled in Medicare A automatically if they are receiving Social Security Benefits or Railroad Retirement Board Benefits.**
- Cannot be active in the military and have coverage through Tri-Care
- Cannot be enrolled in a Full Scope Health FSA (including through a spouse's plan) or have an FSA balance during the grace period
- Cannot be listed as a dependent on someone else's tax return

HSA ELIGIBILITY REQUIREMENTS, Cont.

Using HSA funds:

- HSA account holders are eligible to use their HSA funds to pay for qualified medical expenses incurred by themselves, their spouse and their qualified tax dependents.

HSA Tax-Dependent Rule

- When a child is no longer a tax-dependent, but covered on a parent's High Deductible Health Plan medical expenses incurred by that child cannot be paid with the parent's HSA funds.
- If employees have a domestic partner that is their qualified tax dependent your employee may pay for their qualified medical expenses from their HSA.

Calendar Year FSA- Impact on HSAs

Is your FSA on a calendar year?

- The FSA plan year must be complete on 12/31/18 before an employee is eligible to make and receive contributions to an HSA on 1/1/19.
- If the FSA plan has a grace period, the account must be spent to a zero balance by 12/31/18 in order for an employee to be HSA eligible on 1/1/19.
- If the FSA plan offers a carryover provision, FSA balances up to \$500 could be rolled into a HSA compliant Limited Purpose FSA effective 1/1/19. If an LPFSA is not offered, the funds would be forfeited.



Plan Year FSA- Impact on HSAs



Does your FSA plan year begin 7/1/18?

- The FSA plan year must be complete on 6/30/18 before an employee is eligible to make and receive contributions to an HSA on 7/1/18.
- If the FSA plan has a grace period, the account must be spent to a zero balance by 6/30/18 in order for an employee to be HSA eligible on 7/1/18.
- If the FSA plan offers a carryover provision, FSA balances up to \$500 could be rolled into a HSA compliant Limited Purpose FSA effective 7/1/18. If an LPFSA is not offered, the funds would be forfeited.

HSA CONTRIBUTIONS

2018 HSA contribution maximums

- Contribution maximums are per tax year.
- Employer and employee contributions count toward the maximum.
- Employees who do not remain HSA eligible for an entire tax year will have an adjusted contribution maximum.
- IRS publication 969 governs HSA accounts. We recommend review of this document by your internal counsel and tax professional <http://www.irs.gov/pub/irs-pdf/p969.pdf>.

Maximum	For...
\$3,450	Account holders with individual coverage
\$6,900	Account holders with family coverage
\$1,000	Catch up contribution for account holders 55+

HSA BEHIND THE SCENES

At Your Medical Visit

- Employee shows his/her Blue Cross ID card to the health care provider.

Behind The Scenes

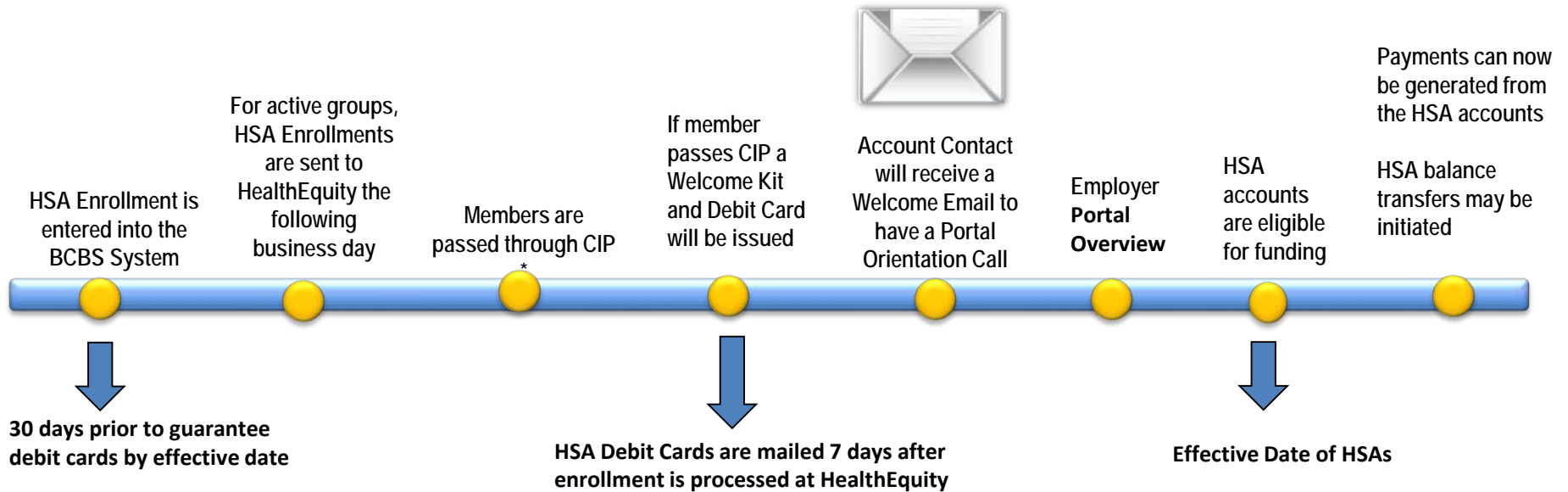
- Health care provider bills Blue Cross.
- Blue Cross processes the claim.
- Blue Cross sends the employee a claim summary to show how the claim was processed.
- Blue Cross sends claim information to HealthEquity.
- The provider bills the employee directly.

At your Pharmacy

- Employee shows his/her Blue Cross ID card to the Pharmacy
- Blue Cross processes the pharmacy claim and applies the cost toward the deductible if applicable.
- Pharmacy will then charge the member for this amount at the point of service.

Behind the Scenes HSA Enrollment

Timeline is dependent on groups being active, enrollment processed, and responsiveness of the Account/Broker



* In compliance with the US PATRIOT Act, HealthEquity is required to verify the identity of all individuals opening an HSA. This process is referred to as the Customer Identification Process (CIP). If HealthEquity is not able to verify the identity of one of your employees based on the information received on your enrollment file, they will reach out to your employee to request additional documentation.

Employer Responsibilities

Beginning of Plan Year Responsibilities

- ✓ Obtain consent from employees to open HSA on their behalf, certify they meet eligibility criteria
 - The enrollment language and consent can be added to your HRIS system or you can capture consent on the HSA deduction form.
 - Note: This form can be used for your records and does not have to be sent to BCBSMA
- ✓ Set up HSA deduction code through payroll
- ✓ Capture employee's contributions amounts and send to HEQ

Throughout the Year

- ✓ Regularly review the contribution history reports and share with payroll for accuracy
- ✓ Have a scheduling process to allow employees to change contributions through the year (i.e. monthly, quarterly etc.)

End of Year Responsibilities

- ✓ Report all HSA contributions (employer and employee) onto employee W2s

Medical Plan Design

Plan Design Features	Current (HMO Deductible FY18)	Proposed HSA (HMO Deductible FY18)
Deductible	\$250 Ind \$750 Family	\$2,000 Ind/ \$4,000 Family
Out of Pocket Maximum	\$2,000Ind/\$4,000Family Medical \$3,000Ind/\$6,000 Family RX	\$5,000/\$10,000 Includes Medical and RX
Preventative, Routine Physical	Covered in Full**	Covered in Full**
Office Visit Copays	\$20/\$35 copay PCP/Specialist	Deductible then CIF**
Inpatient Surgery	Deductible then \$500 copay	Deductible then CIF**
Day Surgery	Deductible then \$150 copay	Deductible then CIF**
ER	Deductible, then \$100 copay	Deductible then CIF**
MRI/CT/PET*copay per procedure	Deductible then \$100 copay	Deductible then CIF**
Diagnostic X-Ray/ Lab Work	Deductible then CIF**	Deductible then CIF**
PT and OT (100 visits/year combined)	\$20 copay per visit	Deductible then CIF**
Chiropractic Care	\$20 copay per visit	Deductible then CIF**(20 visit limit)
DME	20% coinsurance after Deductible	Deductible then CIF**
Pharmacy	Retail: \$10/25/50 Mail: \$20/50/110	Deductible then Retail: \$10/30/65 Mail: \$25/75/165 **Preventive Drugs not subject to deductible, copay applies****
Fitness and Weight Loss Benefit	\$300/\$150 per family per cal year	\$300/\$150 per family per cal year

Medical Plan Design, Cont.

Plan Design Features	Current (PPO Deductible FY17) *In Network	Current (PPO Deductible FY17) *Out of Network	Proposed HSA (PPO Deductible FY18) *In Network	Proposed HSA (PPO Deductible FY18) *Out of Network
Deductible	\$250 Ind/\$750 Family	\$400ind/ \$800 Family	\$2,000Ind/\$4,000 Family	\$2,000Ind/\$4,000 Family
Out of Pocket Maximum	\$2,000ind/\$4,000 Family Medical \$3,000Ind/\$6,000 Family RX	\$3,000 per member	\$5,000Ind/\$10,000Family Medical/RX combined in and out of network.	Combined with in network
Routine Physical	CIF**	20% coinsurance	CIF**	20% coinsurance after deductible
Office Visit Copays	\$20/\$35 PCP/Specialist	20% coinsurance	Deductible then CIF**	20% coinsurance after deductible
Inpatient Surgery	\$500 copay after deductible	20% coinsurance after deductible	Deductible then CIF**	20% coinsurance after deductible
Day Surgery	\$150 copay after deductible	20% coinsurance after deductible	Deductible then CIF**	20% coinsurance after deductible

Medical Plan Design

Plan Design Features	Current (PPO Deductible FY17) *In Network	Current (PPO Deductible FY17) *Out of Network	Proposed HSA (PPO Deductible FY18) *In Network	Proposed HSA (PPO Deductible FY18) *Out of Network
ER	Deductible then \$100 Copay per visit	Deductible then \$100 Copay per visit	Deductible then CIF**	Deductible then CIF**
MRI/CT/PET Scan	Deductible then \$100 copay	20% coinsurance after deductible	Deductible then CIF**	20% coinsurance after deductible
Diagnostic X-Ray/ Lab Work	Deductible then CIF**	20% coinsurance after deductible	Deductible then CIF**	20% coinsurance after deductible
PT and OT (100 visits/year combined)	\$20 copay per visit	20% coinsurance	Deductible then CIF**	20% coinsurance after deductible
Chiropractic Care	\$20 copay per visit	20% coinsurance	Deductible then CIF**	20% coinsurance after deductible
DME	20% coinsurance after deductible	20% coinsurance after deductible	Deductible then CIF**	20% coinsurance after deductible
Pharmacy	Retail: \$10/25/50 Mail: \$20/50/110	N/A	After deductible: Retail:\$10/30/65 Mail:\$25/75/165	N/A
Fitness/Weight Loss Benefit	\$300/\$150 per family per cal year	N/A	\$300/\$150 per family per cal year	N/A

Individual Coverage Scenario- Average Medical Plan Use

<u>Estimated Member Cost</u>	Network Blue HMO	H.S.A. Qualified HMO
Annual Premium est. 25% employee cost	\$2,190	\$1,818
Deductible	\$250	\$2,000 (combined medical and Rx)
Preventive Care	\$0	\$0
1 Prescription (tier 2, retail)	\$25	\$150
1 Regular Sick Visit	\$20	\$120
1 Specialist appointments	\$35	\$150
Subtotal	\$2,270	\$2,238
Health Savings Account Funding	N/A	\$1,000
<u>Total Estimated Cost</u>	<u>\$2,522</u>	<u>\$1,238</u>

Individual Coverage Scenario- Higher Medical Plan Use

<u>Estimated Member Cost</u>	Network Blue HMO	H.S.A. Qualified HMO
Annual Premium est. 25% employee cost	\$2,190	\$1,818
Deductible	\$250	\$2,000 (combined medical and Rx)
Preventive Care	\$0	\$0
3 Prescriptions (tier 2)	\$75	\$450
2 Regular Sick Visits	\$40	\$240
2 Specialist appointments	\$70	\$300
1 MRI (250 ded +100 copay)	\$350	\$1,010
5 Physical Therapy Visits	\$100	\$0
Subtotal	\$2,825	\$3,818
Health Savings Account Funding	N/A	\$1,000
<u>Total Estimated Cost</u>	<u>\$2,825</u>	<u>\$2,818</u>

Family Coverage Scenario- Average Medical Plan Use

<u>Estimated Member Cost</u>	Network Blue HMO	H.S.A. Qualified HMO
Annual Premium est. 25% member cost	\$5,871	\$4,872
Deductible	\$750	\$4,000 (combined medical and Rx)
Preventive Care	\$0	\$0
Monthly Blood Pressure Medication (tier 1)	\$120	\$156
Monthly Rx- Cholesterol Medication (tier 1)	\$120	\$396
Monthly Type II Diabetes Prevention Rx (tier 1)	\$120	\$360
1 Regular Sick Visit	\$20	\$120
2 Specialist appointments	\$70	\$300
Subtotal	\$6,321	\$6,204
Health Savings Account Funding	N/A	\$2,000
<u>Total Estimated Cost</u>	<u>\$6,321</u>	<u>\$4,204</u>

Blue Cross Blue Shield of Massachusetts is an Independent Licensee of the Blue Cross and Blue Shield Association

Family Coverage Scenario- Higher Medical Plan Use

<u>Estimated Member Cost</u>	Network Blue HMO	H.S.A. Qualified HMO
Annual Premium est. 25% member cost	\$5,871	\$4,872
Deductible	\$750	\$4,000 (combined medical and Rx)
Preventive Care	\$0	\$0
Monthly Flovent Prescription (Tier 2- mail)	\$200	\$1,700
5 Regular Sick Visits	\$100	\$750
3 Throat Cultures	\$60	\$102
1 MRI (\$250 ded.+ \$100 copay)	\$350	\$1,448
Inpatient Surgery (\$250 deductible +\$500 copay)	\$750	\$0
10 Physical Therapy Visits	\$200	\$0
1 ER Visit (\$100 copay)	\$100	\$0
Subtotal	\$7,631	\$8,872
Health Savings Account	N/A	\$2,000
<u>Total Estimated Cost</u>	<u>\$7,631</u>	<u>\$6,872</u>

Appendix

TRANSFERRING HSA FUNDS

- An employee can keep their HSA balance with their current administrator or roll over funds to their HealthEquity HSA.
 - ✓ **Transfers must be initiated after the HealthEquity HSA plan effective date.**
 - ✓ There may be a brief blackout period as funds transfer from the prior custodian.
- Transferring or rolling over funds is simple:
 - ✓ Download the Transfer/Rollover Form at www.healthequity.com/form
 - ✓ Complete the form and submit it to HealthEquity via email, mail or fax.



THE VALUE OF INTEGRATION

Client Experience

- Medical and HSA enrollment is sent to Blue Cross
- Eligibility information is sent daily from Blue Cross to HealthEquity

Member Experience

- Single sign-on from MyBlue member portal after the medical effective date. Members can log in to HealthEquity directly prior to their effective date.
- Medical and dental claims information is sent weekly and prescription drug claims are sent twice a month.
- Access HSA funds:
 - Debit Cards
 - Online Portal
 - Mobile Application
- Robust, easy to use portal for total account management
 - Convenient reimbursement options
 - Mutual fund investing with unlimited trades for balances above \$2,000
- Members can reach HealthEquity by calling Blue Cross or calling direct
 - Intelligent call routing
- 24/7/365 HealthEquity HSA specialists availability

HEALTHEQUITY FEE SCHEDULE

Monthly HSA Administrative Fee

\$2.75 per active account per month

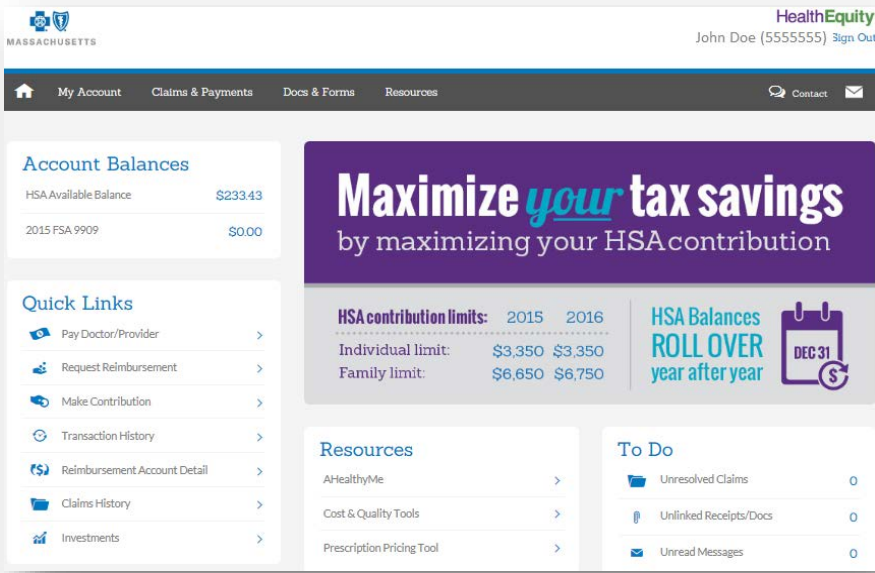
Paid by the employer

The monthly administrative fee of \$2.75 is paid by the employer for active employees. Once the employee is no longer enrolled in a qualified medical plan with an integrated HSA, the account will convert to retail and the employee will be responsible for a monthly administrative fee of \$3.95.

Potential HSA Account Holder Fees

Debit Card	Up to 3 Free
Additional Debit Cards	\$5
Debit Card and Online Transactions	Free
Paper Statement (monthly fee) ** The fee is automatically charged unless the employee opts out of paper statement.	\$1
Reimburse Yourself by Check	\$2
Stop Payment (per request)	\$20
Overdraft (per transaction)	\$20
Deposit Return (per transaction)	\$20
Close Account	\$25

HEALTHEQUITY HSA MEMBER PORTAL



Use the HealthEquity Member Portal or Mobile App to:

- Check balances
- Review transactions
- Review and submit claims
- Submit documentation
- Pay providers
- Reimburse yourself
- Access tax documents



HealthEquity
Building Health Savings[®]



TIP!

HealthEquity is GREEN!
Paper Checks: \$2.00
Paper Statements \$1.00

FREE! Direct Deposit!