FREQUENTLY ASKED QUESTIONS

*Qualified High Deductible Health Plan = **QHDHP***

*Health Savings Account = **HSA*** *Flexible Spending Account = **FSA***

Will I be paying full price for the medical services I need?
No. You will continue to use the same UHC network and receive the network's negotiated discounts.

Can we use HSA funds for dental, orthodontic &/or physical therapy expenses?
Yes.

My spouse has a health plan at work where our dependents are covered. Can I use HSA funds for expenses for my spouse and children even though they aren't on my plan?
Yes.

If I enroll employee only coverage on the QHDHP with HSA but have a family, what will the City's contribution be to my HSA?
The City will contribute to an employee's HSA at the level congruent with the coverage that is enrolled in although employee's can contribute to their HSA account at the level they are eligible for (example = Family level contribution limits).

What if my spouse already has an HSA account; can I have one as well?
Yes, so long as you are enrolled in a QHDHP.

Are the deposits I make independently into my HSA (not through payroll deduction) tax-deductible as well?
Yes. You should keep good records and submit them when you file your tax return.

If I'm paying for the services before my deductible is met, how does the insurance company know when I reach my deductible?
Use your ID card each time you utilize services; it will be necessary for you to get the UHC network negotiated discounts as well. When purchasing prescriptions, be sure to provide both your UHC ID card and the HSA debit card.

What if I forget to use my HSA debit card for some medical spending?
You should be able to get checks for your account and can reimburse yourself when appropriate.

How/When will the City make the contribution to my HSA account?
The City plans to front load the accounts for eligible employees and have the funds made available on or about July 1, 2013.

What if I don't enroll on the QHDHP plan now but want to later?
The next open enrollment cycle will occur in June 2014 for a July 1, 2014 enrollment date. However, if you have qualifying event (lose other coverage, change marital status, have a child, etc.), you can enroll at that time.

What if I enroll in the QHDHP and HSA, then later decide to return to the Traditional plan; can I use my HSA funds to pay for co-pays and deductibles on that plan?
You will no longer be eligible to contribute funds to the account but you can use it for paying those expenses.

What if I enroll on the QHDHP but I'm not eligible for the HSA. Can I still use a flexible spending account (FSA)?
You can use the FSA account to save for medical spending but note that the rules are slightly different.

I have a daughter covered under my ex-spouse's traditional health plan. What happens if I have family coverage under the QHDHP and experience a claim for her while she's with me on the weekend?
The QHDHP does not provide for coordination of benefits so your plan would not cover the expenses; your spouse's plan would become primary. You could however, use the HSA funds to cover your out of pocket expenses.

What happens to my HSA account if I should die?
You'll need to set up beneficiaries for your account. They will not be taxed on the distribution and not be limited to spending the remaining balance on medical items.

Do I get taxed on the amount the funds that City puts in my HSA?
No. The contribution is excludable from gross income.

Will we be able to find out the prices for prescriptions before purchase?
You can inquire about prescription prices now; simply ask the pharmacist before purchasing or use the "price a medication" tool on myuhc.com.

Will we be able to find out the prices for medical procedures before utilizing services?
You can work with your provider on that question &/or inquire about cost-effective treatments for a variety of procedures on the "My Healthcare Cost Estimator" pages at myuhc.com. UHC does not publish a list of agreed upon negotiated discounts with all of the providers as it is considered proprietary and therefore protected. The cost may not be available until after a claim is processed; however, once you visit your doctor, that cost will become apparent to you.

Can IRS put a cap on your HSA?
Yes they can, but there is currently no lifetime cap on the HSA account; that may change in the future.

How will the transition from FSA to HSA work?
The employee would simply sign a form in HR to close his/her FSA account and sign up for the HSA plan.

How long will I have to submit receipts for my FSA if I am switching to an HSA? What happens to my remaining balance from the deductions?
Balances are not transferrable between the FSA and HSA so you will need to cancel the medical FSA to go to the HSA. If you cancel your FSA, receipts for reimbursements must be dated between Jan and June 2013, but may be submitted until Sept. 2013.

Can the Dependent Care FSA coexist with an HSA?
Yes, but you cannot have both the medical FSA and a HSA.

When can I enroll in the HSA if I don't enroll by July 1, 2013?
The next open enrollment period for the Smart Choice Plan is May/June 2014 tentatively.

Are the dental and vision plans included in the High Deductible Health Plan?
No, they will remain separate plans. You can however use HSA funds for dental and vision out of pocket expenses.

If I keep the traditional plan, can I continue to use my FSA and submit receipts?
Yes. You can also go to the high deductible health plan and continue use the medical FSA if you aren't eligible for the HSA for some reason (see eligibility details).

What will my dependent care premium costs be reduced to for the QHDHP?
That specific information is not yet available. We will not have the renewal numbers until just before open enrollment in April – specific details will follow.

I feel like I need to visit the Chiropractor more often (or for a longer period) than UHC allows, can I continue to go and use my HSA funds to pay for those visits?
Yes! You can use the HSA accounts for any eligible medical spending and chiropractic would be applicable.

HSA – FSA Comparison Chart 2013

	Health Savings Accounts (HSA)	Flexible Spending Accounts (FSA)
Health Plan Requirements	For 2013, the minimum deductible is $1,250 for self-only and $2,500 for family. The 2013 maximum out of pocket is $6,250 for self-only and $12,500 for family. For 2012, the minimum deductible was $1,200 for self-only and $2,400 for family. The 2012 maximum out of pocket was $6,050 for self-only and $12,100 for family.	No corresponding health plan requirement.
Contributions	Account holders or the employer or both may contribute. The 2013 maximum contribution from all sources may not exceed $3,250 for self-only and $6,450 for family coverage. In 2012, it was $3,100 for self-only and $6,250 for family. The 55+ catch up contribution since 2009 is $1,000. Once the individual becomes enrolled into Medicare, they can no longer contribute at all.	An employee, employer or both may contribute to an FSA. There are no limits to contributions however, employers typically set the limit. The maximum annual contribution for Dependent Care Accounts is $5,000 for individuals with dependents or for individuals filing taxes jointly.
Employer obligated to ensure expenses are qualified	No, individual is responsible	Yes
Portability	Yes, Once money is deposited, it is owned by the account holder.	No. Employees also forfeit unused balances.
Carryover	Funds may be carried over indefinitely throughout an account holder's lifetime. Upon death, an account may be passed on to a surviving spouse without federal tax liability.	No. Employees also forfeit unused balances.
Tax Status	Employee contributions are tax deductible and employer contributions are excludable from gross income and not subject to employment taxes.	Employees are not subject to Federal, Social Security, or in most states, state taxes on contributions to an FSA. Employers are not subject to FICA or unemployment taxes on FSA contributions.
Applicable IRS Law	IRC Section 223, PL 108-173	IRC Section 125
Account Overview	Tax-exempt trust or custodial account created to pay for qualified medical expenses of the account holder and his/her spouse/dependents.	A cafeteria plan created to reimburse qualified medical expenses, health insurance premiums for premium-only accounts, or dependent care expenses.
Qualified Medical Expenses	As defined in Section 213(d) of the IRC, except for health insurance premiums.	Same as for HSAs.

HSA – FSA Comparison Chart 2013

Eligibility	1. Someone who is enrolled in a qualified high deductible health plan (HDHP). 2. Has no other health plans in place, other than for Workers' Compensation, specific disease or illness, accidents, dental care, vision care or long-term care. 3. Is not enrolled in Medicare (can be eligible for Medicare). 4. Is not claimed a dependent on someone else's tax return. *Note: Self-employed, sole proprietors, LLCs, partners and those who own more than 2% stock in an S-Corporation (including their spouses and family members) are not generally considered employees and cannot receive pre-tax employer contributions to their Health Savings Accounts. The self-employed can only take an above-the-line deduction (A taxpayer's gross income minus able the line deductions is equal to the adjusted gross income) for their premium and HSA contribution. Regardless of how the S-Corporation or LLC is structured, the company cannot make pre-tax contributions to owners, shareholders, or partners. A C-corporation is permitted pre-tax deduction. Please seek the advice of an accountant for any other questions.	An employee who employer offers an FSA option. Employers may also create a Dependent Care Account for qualifying dependents.
Funding	Individual and/or an employers, and/or family member.	Typically funded by and employee.
Withdrawals	As of January 1, 2011, funds not used to pay for qualified medical expenses may be withdrawn but are subject to an additional 20% tax penalty except when an individual is 65 or older, disabled or has died during the year.	Withdrawals for non-medical expenses are not permitted.
Interest	Interest accrues without a tax penalty.	Interest does not accrue for FSA funds.
Health Insurance Premium Payment	HSA funds may be used to pay health insurance premiums when an individual receives unemployment insurance, while an individual receives COBRA continuation, when an individual reaches age 65 for an health insurance except Medicare supplemental policies, and for long term care premiums.	A separate premium only FSA may be created to pay an employee's contribution toward the monthly cost of premiums. Under a salary reduction arrangement, the employee agrees to contribute a portion of salary on a pre-tax basis to pay for qualified benefits. Long term care is specifically excluded under the IRS code.
Subject to Cobra	No	Yes, in limited circumstances.
Discrimination	Comparability rules for contributions (same amount or percentage for all employees with comparable coverage).	IRC Section 125
Penalty for Discrimination	35% excise tax on employer's aggregate HSA contributions.	IRC Section 125
Concurrent Health Coverage	Only on Qualified High Deductible Health Plan, Dental, Vision, LTC	Yes

We Have Arrived!

	Traditional Plan	Smart Choice Plan	Impact to You
Individual Deductible	$250	$1,250	$1,000
Family Deductible	$500	$2,500	$2,000
Individual City HSA Contribution	$0	$1,000	*Net deductible remains the same*
Family City HSA Contribution	$0	$2,000	*Net deductible remains the same*
Individual Employee Premium Savings	n/a	$0	n/a
Family Employee Premium Savings	n/a	$395.40/year $15.21/pay period	*Premium savings pays most of your $500 deductible*

minus

minus

** NOTE: This illustration is based on 2012 premium rates*