1. Which bank holds the HSA’s?

The HSA Bank is the HSA Trustee for our Cigna Choice Fund HSA product.

2. How much will the College contribute to the HSA?

The College will contribute $84/month ($1,008/year) for single coverage and $167/month ($2,004/year) for family coverage.

3. What is the max dollar amount that I can contribute each year?

The maximum annual contributions are subject to change each year based on Federal HDHP regulations. For 2016 an HSA participant can contribute a maximum $3,350 for single coverage and $6,750 for family coverage.

Note maximum contribution limits combine ALL contributions which include those made on behalf of the participant by their employer and/or a third party and the employee. For example, if you elected single coverage for an effective date of January 1; Colby will contribute $1,008 for the year which means you can only contribute a maximum of $2,342 for the year.

4. If two employees work at Colby, have a family, and want to reach the annual maximum contribution limit, can one enroll in the HSA as an individual and one enroll as an employee +1?

The contribution total cannot exceed the family maximum of $6,750.

Since Colby would contribute $3,012 ($1,008+$2,004), the two employees can only contribute $3,738 combined. This rule applies even if the spouse is employed elsewhere and has an HSA.

Note contributions are reported on IRS Form 1040 and amounts over $6,750 would be subject to income tax and 6% excise tax.

5. Can an employee who is eligible for Medicare but is still working participate in the HSA Plan?

Yes. However, the employee cannot be enrolled in Medicare Part A or Part B. If an employee who is enrolled in Medicare Part A chooses the HSA Plan; the employee would have to dis-enroll from Part A.
6. Can I roll over money from an IRA or 401k into the HSA to give it a higher starting point?

   For tax years beginning after December 31, 2006, a once per lifetime transfer from an IRA to an HSA is permitted.

   If an individual makes an IRA to HSA transfer and then ceases to be an HSA eligible individual during the 12 month period (starting with the month of the rollover contribution and ending 12 months later) then the amount rolled over is included in the individual’s gross income and is subject to a 10 percent excise tax.

7. If I enroll in the Choice Fund – Health Savings Account mid-year, can I contribute the full annual maximum contribution for the year?

   You must satisfy specific requirements to avoid any tax penalties. For example, if you enroll on March 1 - Without restrictions the individual can contribute 1/12 of the annual maximum for every month they are enrolled in a qualified HSA plan.

   If the individual wants to contribute the full annual maximum in that year - they must stay enrolled through December 1 and remain continuously enrolled in a qualified HSA plan through December 1 of the following year.

8. If I choose a different insurance plan next year, can I keep the HSA and just not add any new funds, or am I forced to withdraw the funds with penalty?

   Yes, you can keep the account and it will incur no penalties as long as you utilize the funds for eligible expenses.

   Note that since you are no longer enrolled in the Choice Fund - HSA plan, you cannot contribute to the fund.

9. Is there a minimum amount I need to contribute to my HSA each year, or can I simply let it accrue interest if the balance is adequate for my needs?

   There is not a minimum amount that you must contribute. The IRS only sets an annual maximum as mentioned above. In addition, it is not required that you draw on the funds unless you choose to do so, but rather can allow them to continue to grow and accrue interest.

10. Are there investment options with an HSA?

    Yes however there is a $2,000 minimum balance needed in order to be eligible to participate in the investment funds.

11. Can the funds from an HSA be used to pay insurance premiums if I am not working?

    Yes. However, you may only use the funds to pay for the following premium amounts: COBRA, Long term care, Retiree premiums with the exception of Medicare Supplement coverage, and health coverage during a period in which an individual is receiving unemployment.
12. When I die are the funds taxed and penalized, or can it roll into an HSA of someone else?

Any remaining balance becomes the property of the individual named as the beneficiary of the account. If the surviving spouse is the named beneficiary, the HSA becomes an HSA of the spouse. In this case the HSA remains an HSA, and the spouse may use the account to cover allowable expenses.

If the beneficiary is someone other than the spouse, the HSA ceases to be an HSA as of the employee’s date of death. An amount equal to the fair market value of the assets in the HSA is included in the gross income of the beneficiary or, in the absence of a named beneficiary, the decedent’s estate. The value of the HSA is taxable for the beneficiary as gross income.

Note payments can be made from the HSA for qualified medical expenses incurred by the decedent before death, if paid within one year after date of death.

13. If an employee who elects the Choice Fund - Health Savings Account in 2016 and has $500 remaining in the HSA at the end of 2016 but elects the Open Access Plus plan in 2017, can the employee use the $500 to cover their medical deductible on the OAP plan in 2017?

Yes. Any unused funds can be used to pay the deductible in addition to any out of pocket expenses as long as their eligible charges under the plan.

14. Do members have both an HSA debit card and HSA auto claim forwarding (ACF) available to them?

Yes. Members need both. An HSA debit card can be used for items such as over the counter (OTC) medications, pharmacy expenses and other 213(d) expenses not processed through claims however, when a member elects HSA claim forwarding, the ACF feature is used to send member liability for deductible and coinsurance amounts, directly to the HSA for payment consideration.

15. How is an HSA plan termination handled?

If an employee terminates from the Choice Fund HSA plan (i.e. they leave the plan due to life status change or employment termination, with or without a COBRA medical election) they become a “Free Agent.” Even though the participant is no longer enrolled in the employer’s HDHP, they still have full access to their HSA funds, as the funds belong to the participant.

16. If an employee is on an HSA and their spouse is enrolled in their own plan (either an HSA or not), can the employee use their HSA funds to pay for their spouses out of pocket expenses?

Yes. HSA funds can be used for expenses of anyone who qualifies as the employee’s dependent for federal tax purposes.

17. Are there any issues or penalties if someone opts for the HSA plan one year, but opts for a different plan (non HSA) the following year?

No. Note Cigna plans do not have pre-existing condition limitations.
18. What happens if you incur an eligible medical expense that exceeds the amount you have in your HSA?

You can use funds in your HSA to pay (or help pay) for any eligible medical expenses. If you do not have enough funds in the HSA account and end up paying for medical expenses out of your pocket, you may reimburse yourself later in the year from future/available HSA funds.

Note you are responsible for paying for expenses up to the collective family deductible and any coinsurance amounts that may apply regardless if there are sufficient HSA funds available in the account.

19. Will the HSA cover eligible medical expenses (prescriptions, doctor's visits, vision care items, etc.) that someone has incurred abroad? i.e. if traveling in Spain and receives care from Spanish providers?

An HSA will cover similar expenses to what a Flexible Savings Account covers.

Note Cigna provides international coverage for expenses related to emergencies or urgent care in all of their plans (higher copays and deductible amounts apply). Non-emergency and non-urgent care (routine and other benefits covered under the medical plans), will only be covered as out of network under the Open Access Plus Plan (OAP).

20. Is an HSA different from a Flexible Spending Account (FSA)?

Yes. The advantage of having an HSA is that you can roll it over year-after-year. They are also fully portable.

The “use it or lose it” clause for an FSA is not applicable to an HSA.

In the “It's Your Choice” brochure from Cigna, it says "If you contribute the full annual maximum, you must satisfy specific requirements to avoid any tax penalties:

• You must remain enrolled through December 1st of the taxable year.
• You must maintain continuous enrollment in the plan for an additional 12 months through the end of the following calendar year."

21. Regarding the above statement, is the requirement only true if the participant contributes the maximum limit?

Yes. The College makes contributions to participant’s accounts to help pay towards deductibles and out of pocket expenses. The participant is not required to contribute however, if a participant decides to contribute to their HSA, it is important to ensure that they meet the requirements above, if contributions from the College and the participant meet the annual max allowed, to avoid IRS penalties.