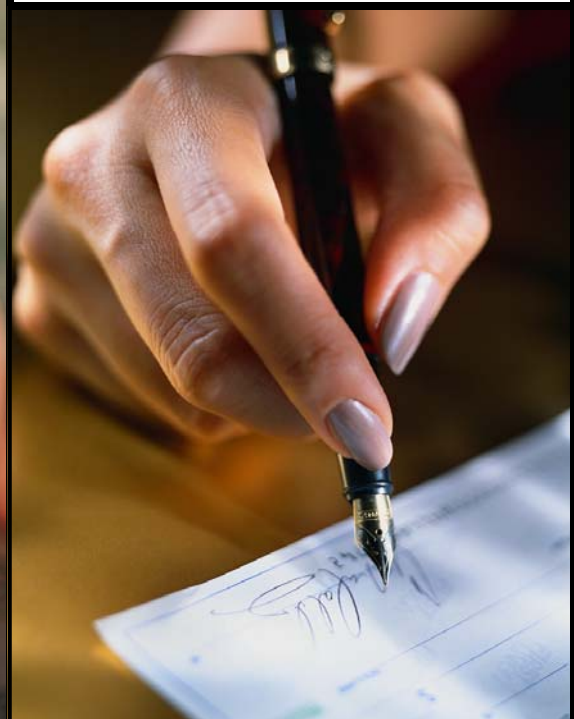




Health Savings Account



This is provided as information only. For more HSA details go to the Department of the Treasury website. www.treas.gov.
The responsibility of managing an HSA is the individual and not the employer.

What is an HSA?

The IRS (Internal Revenue Service) allows employees to put aside money on a pre-tax basis in a qualified health savings bank account, to be used for future medical expenses incurred by the employee or eligible dependents. The IRS only allows you to open and contribute to a health savings account if you are enrolled in a qualified *high-deductible health plan*. Health savings account money can be used in the future for medical expenses.

Who is eligible for an HSA?

Any individual who:

- Participates in or is covered by a HDHP (high deductible health plan)
- Is NOT covered by other health insurance that is not a qualified HDHP
- Is not Medicare eligible and/or over 65

What is an HDHP?

A HDHP or High Deductible Health Plan is a health plan (per federal guidelines) that is designed in such a way that the employee is more in control of handling their own medical care/expenses. This plan has a *high* deductible to be met before services are paid. A HDHP must have its prescription coverage as part of the major medical and any prescription filled is applied to the deductible and coinsurance. For example, an antibiotic may cost \$190.00 retail, with the HDHP you will still receive a discount (through Express Scripts) but will pay the majority of the cost, which will then be subject to the deductible and coinsurance.

Typically, individuals that participate in the HDHP are healthy and do not incur high medical expenses and are able to set aside monies for the future.

What are advantages to HSA?

Tax Savings—money is taken out of your paycheck before taxes are calculated, so you pay less taxes.

Portability—the money in your account is yours to keep, so you can take it with you if you change employers or health plans or retire. This account is *not* a use it or lose it type of reimbursement, like a flexible benefit plan.

Long-term savings—you can let the funds in your account grow tax-deferred. At age 65, you may make withdrawals from your HSA for any reason without penalty. (Still subject to taxes if used for expenses other than health care)

Reduced insurance premiums—you still pay an insurance premium, but it is typically lower than the other options your employer offers.

More choice and control—you decide when to use your savings to pay for health care expenses.

How do I enroll?

Step 1 The employee must enroll in the HDHP by way of a group health insurance application. This can be done when the employee is a new hire and eligible for benefits, OR during a plan transfer period (held every November for a January effective date) when an employee may change their deductible.

Step 2 Employees' Group Insurance will make the change on the Great West Healthcare system.

Step 3 Next, the employee will be mailed a 'welcome packet' from Mellon Bank. Mellon Bank is simply an *option* of a financial institution in which to open a health savings bank account. You may open a health savings account at any institution, however it must be a designated HSA, not a regular checking/savings account. A regular checking/savings account is not acceptable. If the IRS were ever to audit the employee, they need to clearly see medical expenses versus other expenses (groceries for example).

Step 4 Once you have opened a bank account, you will need to fill out a Health Savings Account Election form. This form with a copy of a voided check or deposit slip is required to give to your Benefit Specialist. The amount is then set up in payroll to have that amount deferred from your payroll into your bank account. Payroll deferred money can only be deposited while you are actively enrolled in the HDHP, therefore if you are switching to the HDHP for a January 1 effective date, that transfer of money to your HSA cannot be done until January 1 or after. For example; January premium deducted from December payroll; HSA designated funds cannot be deducted until the January payroll.

GROUP HEALTH INSURANCE APPLICATION					
<input type="checkbox"/> ACTIVE	<input type="checkbox"/> NEW ENROLLEE	<input type="checkbox"/> EMPLOYEE ONLY			
<input type="checkbox"/> RETIREE	<input type="checkbox"/> CHANGE ENROLLMENT OPTIONS	<input type="checkbox"/> EMPLOYEE + SPOUSE OR CHILD(REN)			
	<input type="checkbox"/> CHANGE DEDUCTIBLE	<input type="checkbox"/> FAMILY <input type="checkbox"/> SPLIT			
DEDUCTIBLE OPTION					
<input type="checkbox"/> \$350/\$700	<input type="checkbox"/> \$1,500/\$3,000 *HDHP (EFF. 1/1/06)	<input type="checkbox"/> RETIREE \$750 / \$1,500			
<input type="checkbox"/> \$750/\$1,500	<input type="checkbox"/> \$2,500 - AVAILABLE FOR SINGLE COVERAGE ONLY	<input type="checkbox"/> RETIREE \$1,500/\$3,000			
<input type="checkbox"/> RETIREE \$2,500 / \$5,000					
<small>PREVENTIVE DENTAL COVERAGE IS INCLUDED IN THE HEALTH PLAN FOR ACTIVE EMPLOYEES *HIGH DEDUCTIBLE HEALTH PLAN(HDHP) HSA ELIGIBLE</small>					
EMPLOYEE INFORMATION					
AGENCY NAME(S) AND NUMBER(S)		DATE OF BIRTH	GENDER		
		<input type="checkbox"/> MALE <input type="checkbox"/> FEMALE			
EMPLOYEE NAME	FIRST MI LAST	SOCIAL SECURITY NUMBER	MARITAL STATUS		
		<input type="checkbox"/> SINGLE <input type="checkbox"/> MARRIED			
ADDRESS		CITY	STATE	ZIP CODE	
DATE OF HIRE	HOME PHONE NUMBER	WORK TELEPHONE NUMBER			
ENROLLMENT INFORMATION					
RELATIONSHIP	FAMILY MEMBER'S NAME - LIST ALL FAMILY MEMBER'S TO BE INSURED	DATE OF BIRTH	SEX	SOCIAL SECURITY NUMBER	GROUP INSURANCE USE ONLY (EFFECTIVE DATE)
	FIRST MI LAST				
IS YOUR SPOUSE AN ACTIVE STATE, UNIVERSITY, OR COMMUNITY COLLEGE EMPLOYEE? <input type="checkbox"/> Yes <input type="checkbox"/> No Agency #					
CHILD					
CHILD					
CHILD					
<small>* IF YOU NEED ADDITIONAL SPACE, PLEASE COMPLETE AN ADDITIONAL ENROLLMENT FORM. ** INCLUDE PROOF OF FULL TIME STUDENT STATUS FOR EACH DEPENDENT ON LINE 19 - 23.</small>					
I hereby accept the Group Health Plan as indicated above and authorize any required employee contributions to be deducted from my earnings through payroll deduction until cancellation of the coverage as outlined in the summary plan description. I accept the responsibility of notifying the Employee's Group Insurance Department of any changes for myself, my spouse or dependents that would affect eligibility for coverage, premium amounts or payments. Under the penalty of perjury, I declare that the information I have furnished to the best of my knowledge and belief, is true, correct and complete. Signature: _____ Date: _____					
WAIVER OR WITHDRAWAL OF COVERAGE INFORMATION					
PLEASE INDICATE REASON FOR DROPPING COVERAGE (EXAMPLE: NO LONGER A FULL-TIME STUDENT, GRADUATE, ETC.)					
I AM DECLINING OR WITHDRAWING THE STATE OF WYOMING HEALTH COVERAGE ON BEHALF OF THE FOLLOWING INDIVIDUAL(S):					
RELATIONSHIP	FAMILY MEMBER'S NAME	DATE OF BIRTH	IS THIS INDIVIDUAL COVERED WITH AN EMPLOYER GROUP ELSEWHERE?	GROUP INSURANCE USE ONLY (EFFECTIVE DATE)	
			YES NO		
EMPLOYEE					
SPOUSE					
CHILD					
CHILD					
CHILD					
I HAVE BEEN GIVEN AN OPPORTUNITY TO PARTICIPATE IN THE GROUP HEALTH PLAN WITH THE STATE OF WYOMING GROUP INSURANCE PROGRAM. THE BENEFITS HAVE BEEN EXPLAINED TO ME AND I UNDERSTAND THAT IF I DELAY IN ENROLLING UNTIL AFTER THE INITIAL PERIOD OF ELIGIBILITY, I AND/OR MY DEPENDENTS WILL ONLY BE ABLE TO ENROLL DURING THE STATE'S OPEN ENROLLMENT PERIODS OR IN A SPECIAL ENROLLMENT AS PROVIDED IN THE SUMMARY PLAN DESCRIPTION. SIGNATURE: _____ DATE: _____					
AGENCY USE ONLY		<input type="checkbox"/> FULL TIME <input type="checkbox"/> JOB SHARE	GROUP INSURANCE RECEIPT DATE:		
AGENCY RECEIPT DATE:		<input type="checkbox"/> 3/4 Month <input type="checkbox"/> 2/3 Month <input type="checkbox"/> 1/2 Month <input type="checkbox"/> AVERAGE	EFFECTIVE DATE	GW	
INITIALS:			COVERAGE CODE	PR	
APPOINTMENT ID:			CONTRIBUTION CODE		
<small>INCOMPLETE FORMS MAY DELAY THE PROCESSING OF YOUR APPLICATION. REVISED 8/28/09 EGI-101</small>					

HEALTH SAVINGS ACCOUNT (HSA) ELECTION FORM		<input type="checkbox"/> New Election <input type="checkbox"/> Revised Election
Last Name _____ First Name _____		Social Security Number _____
Agency Name and Number _____		
Initial Deposit Amount (if different than subsequent monthly amount):	\$ _____	
Monthly Deposit Amount	\$ _____	
Monthly Catch-up Amount-Age 55 & over		
2006 - \$700 Annual Maximum		
2007 - \$800 Annual Maximum		
2008 - \$900 Annual Maximum		
2009 - \$1000 Annual Maximum	\$ _____	
It is the responsibility of you, the employee to monitor and maintain your health savings account: Maximum deposit = \$2,830.00 for single contracts and \$5,650 for family contracts		
<ul style="list-style-type: none"> • Avoid penalties by using health savings account monies to pay for qualified medical expenses only. • Retain records of all transactions for possible IRS auditing purposes. • Funds are only available as deposited. • See IRS Regulations for eligibility and participation in an HSA (http://www.irs.gov/office/public-affairs/bia) 		
Bank Account Information		Mellon Financial Corporation
Name and address of financial institution if different than Mellon Financial Corporation _____		
Account Number*	_____	
ABA Routing Number*	_____	
<small>*A voided check or copy of a voided check must accompany this form.</small>		
The State of Wyoming maintains no liability regarding the Health Savings Account outside of direct depositing designated funds as requested by the employee.		
Signature _____	Date _____	EG-101 1/08/07

Forms can be obtained from your Benefit Specialist or at <http://personnel.state.wy.us/EGI/Index.htm>

This is provided as information only. For more HSA details go to the Department of the Treasury website. www.treas.gov.
The responsibility of managing an HSA is the individual and not the employer.

Making Changes to HSA

Changes can be made to your HSA election at any time. You must fill out a new HSA election form indicating a REVISION. You can increase, lower your monthly contribution including stopping contributions altogether or starting them back up again, provided you are enrolled in a HDHP (high deductible health plan) and you do not exceed the annual limits set by the IRS.

The change should be made effective the first of the month following receipt of your election form. (depending on payroll run dates)

Other things to remember...

Service Fees

Most banks have service fees including but not limited to:

- Fees for NSF (non-sufficient funds)
- Below minimum balance fees
- Fee to open account

Be aware of these when deciding what financial institution you choose.

Unlike an FSA (Flexible Spending Account), only deposited funds may be used from the HSA. Therefore, it is important that employees are aware that they should treat their HSA like a checking account and only write a check or use their debit card if they have sufficient funds in the account to cover the transaction. If they do not, they will be charged a Non-Sufficient Funds (NSF) fee.

IRS Audit

A health savings account is managed by the employee. The employee is responsible for all records for audit purposes by the IRS. The state of Wyoming or any employer that is part of the State of Wyoming Group Insurance plan is not responsible for the employees use of the plan. The Internal Revenue Service is the governing body who determines what are qualified expenses. The employers involvement is to facilitate or be the vehicle to get money from your payroll, tax-deferred, into your health savings account.

What if my spouse has a health plan that is not HDHP?

If you are enrolled in the HDHP through the State of Wyoming, AND deposits are being put into your HSA, you cannot also be enrolled in any other plan UNLESS it too is a qualified HDHP. You are able to pay qualified medical expenses on eligible dependents covered under the other health plan.

If you are NOT participating in a HSA, you CAN be enrolled in both a HDHP and another group plan that is not an HDHP.

Frequently Asked Questions

What is a High Deductible Health Plan?

It is a health insurance plan, that based on its design is a qualified plan allowing employees to contribute to a health savings account. It requires the prescription coverage be included with the medical benefits, e.g. subject to deductible and coinsurance. The family deductible (if applicable) must be met prior to benefits being paid.

What if I change Health Plans?

All the money in your HSA is yours to keep. While you're a member of the State's High Deductible Health Plan, you may contribute money to your account. Should you change plans with the State and are no longer in the High Deductible Health Plan Option, you can still use the HSA funds to pay for qualified medical expenses, but cannot contribute additional money until you enroll in another qualified, high-deductible health plan.

How are claims paid?

When you receive health care services, your provider submits a claim to Great West Healthcare. After the claim is processed, the provider sends you a bill for any remaining amount you may owe. You can use your HSA checks or debit card to pay for the expenses (provided money is in the account) or you can pay the bill out of pocket and continue to let your HSA grow.

How do I pay for Prescriptions?

It's simple—when you pick up your prescription from the pharmacy, you can pay using your HSA checks or debit card (provided money is in the account). On the high-deductible health plan option the prescriptions are part of your major medical and will be applied to your deductible and coinsurance. You still receive a discount by presenting your ID card, but will be responsible for the full amount after any discount.

What if my provider wants me to pay up front for services?

Encourage your provider to first submit the claim to Great West Healthcare to ensure proper provider discounts are applied. You can pay using your HSA checks or debit card upfront and then the provider will submit the claim to Great West Healthcare. If you happen to overpay, your provider will reimburse you for any overage amount. You must deposit any reimbursed money back into your HSA, otherwise you are subject to income tax and penalties. If you use your debit card, any overpayments can be automatically credited to your HSA.

How much can I contribute?

The IRS limits annual HSA contributions to your health savings account of \$2,900 for individual coverage and \$5,800 for plans covering more than one person. These limits may increase each year. If you are 55 or older, you may make additional catch-up contributions, in addition to the current IRS yearly limits. See HSA election form for exact amounts. Contributions must stop once enrolled in any type of Medicare plan.

When can I make contributions?

Contributions may be made any time of the year in one lump sum or payments throughout the year. Your employer may set up payroll deductions pretax or you can send contributions directly to your financial institution that has your HSA.

More Frequently Asked Questions

What is a Qualified Medical Expense?

Qualified medical expenses are payments for “medical care,” as determined by the IRS, that are not paid by your health plan. Some examples are:

- Deductibles and co-insurance for medical and dental care
- Prescriptions and some over-the-counter drugs
- Vision care, including glasses and Lasik eye surgery
- Smoking cessation treatment and prescriptions
- Some insurance premiums such as long-term care, COBRA and health care coverage premiums while you receive unemployment compensation.

This is not a complete list of qualifying medical expenses. For a detailed list, please refer to the IRS website at www.irs.gov.

What happens to my HSA funds when I die?

You should choose a beneficiary when you set up the account. If you pass away and your spouse is the beneficiary, then it will be treated as your spouse's HSA.

What happens to my funds if I terminate employment?

At the time you leave employment, your HSA account is portable and yours to keep. You are still required to use it for qualified medical expenses in the future, you simply stop contributing to it, tax deferred, through your employer. If you move to another employer that also offers a qualified HDHP, you may begin contributing to the account again. If you choose to use the money in the account for anything other than a qualified medical expense you are subject to tax and penalties on those monies.

Wrap Around Medical Reimbursement

Through the State of Wyoming there is a Wrap Around Medical Reimbursement account as part of the Flexible Benefits. This option is intended for use by individuals who have either a HDHP and/or a HSA. HSA money can be used to pay for or reimburse yourself for any/all qualified medical expenses. The Wrap Around Medical Reimbursement account can only reimburse expenses not allowed under the health plan.

Why elect the Wrap Around? If you prefer to not use your HSA money and allow it to grow, but you know you will incur non-allowed medical expenses, you could use the Wrap Around to reimburse yourself those NON covered/allowed medical expenses. This account is a use it or lose it account, so you must plan accordingly.

Examples:

- Dental and Vision expenses are not covered under the health plan, so the Wrap Around could be used.
- Deductibles are considered a covered expense in that it was applied to your deductible, so *is not* reimbursable by the Wrap Around.

Bottom Line

All health savings account details are defined and governed by the Department of the Treasury and the Internal Revenue Service. You may refer to the website below for answers to questions you have regarding HSAs.

U.S. Treasury - HSA Frequently Asked Questions Page 1 of 4



OFFICE OF PUBLIC AFFAIRS

SEARCH

- News
- Direct Links
- Key Topics
- Press Room
- About Treasury
- Offices
 - Domestic Finance
 - Economic Policy
 - General Counsel
 - International Affairs
 - Management
 - Public Affairs
 - E-mail Subscription Service
 - Media Advisories
 - Treasury Bureaus' Public Affairs Sites
 - Federal Public Affairs Sites
 - Tax Policy
 - Terrorism and Financial Intelligence
 - Treasurer
- Bureaus
- Education
- Site Policies and Notices

HOME CONTACT US SITE INDEX FAQ FOIA ESPAÑOL ACCESSIBILITY PRIVACY

HSA Frequently Asked Questions

CONTRIBUTING TO AN HSA

[How much can I contribute to my HSA each year?](#)

[I have a very high deductible, is there a limit on how much I can contribute?](#)

[Do my HSA contributions have to be made in equal amounts each month?](#)

[Does my contribution depend on when I establish my HSA account or when my HDHP coverage begins?](#)

[Can my employer contribute to my HSA?](#)

[Do my contributions provide any tax benefits?](#)

[If my employer contributes to my HSA, does that also provide me any tax benefit?](#)

[Can I make contributions through my employer on a "pre-tax" basis?](#)

[Can I claim both the "above-the-line" deduction for an HSA and the itemized deduct medical expenses?](#)

[I'm over 55 and would like to make catch-up contributions to my HSA, like I've done IRA. Is that possible?](#)

[I turned 55 this year. Can I make the full "catch-up" contribution?](#)

[If both spouses are 55 and older, can both spouses make "catch-up" contributions?](#)

[If each spouse has self-only HDHP coverage \(neither spouse has family coverage\) how much can we contribute?](#)

[If both spouses have family HDHP coverage but one spouse has other coverage, are spouses eligible for an HSA? How much can each spouse contribute?](#)

[Does tax filing status \(joint vs. separate\) affect my contribution?](#)

[I'm a single parent with HDHP coverage, but have a child/relative that can be claim dependent for tax purposes, and this dependent also has non-HDHP coverage. Am I eligible for an HSA?](#)

[May a self-employed person contribute to an HSA on a pre-tax basis?](#)

How much can I contribute to my HSA each year?
For 2007 and forward, your maximum annual HSA contribution is based on the sta

http://www.treas.gov/offices/public-affairs/hsa/faq_contributing.shtml11/9/2007

This is provided as information only. For more HSA details go to the Department of the Treasury website, www.treas.gov. The responsibility of managing an HSA is the individual and not the employer.