



# Focus on HSA and FSA (FLEX) Accounts

January 1, 2024

## ***About This Presentation***

*This information is a brief presentation intended for PEBC employer groups and is designed to provide highlights about certain plan information and to help members become familiar with HSA and FSA accounts as they apply to PEBC plans. This information is intended for PEBC employer groups only and is not intended for any other use. Refer to employer information, the PEBC Enrollment Guides, plan documents, myuhc.com, or [www.pebcinfo.com](http://www.pebcinfo.com) for more information.*

*Full details are contained in the legal documents governing the individual plans. Consult the plan documents for more information about services, limitations, and exclusions.*

*If there is a discrepancy or conflict between this information and the plan documents, the plan documents will govern. This presentation does not imply a promise of future benefits.*

*Information connected to other plans, including Medicare, Medicaid and TRICARE, is subject to the underlying rules governing eligibility and plan requirements.*

## Agenda

- What account should you select?
- Flexible spending account (FSA)
- Health savings account (HSA)
- HSA eligibility
- About the HSA
- The right tools - HSA
- myuhc.com
- Important information

## What account should you select?



The medical plan you select determines the type of “account” available to you. You are not required to select an account, but your money will stretch farther if you do.

- **PPO Plan**

Select the *general purpose* FLEX account (FXM).

- **OPT-Out – you have comparable coverage\* elsewhere**

Select the *general purpose* FLEX account (FXM) if your comparable coverage is a traditional plan (like a PPO).

Select the *limited purpose* FLEX account (LPX) if your comparable coverage is a high deductible health plan with HSA.

\*Comparable coverage generally refers to another employer’s group health plan. Examples of other coverage may also include TRICARE medical plan (not a TRICARE supplement) or care provided at a Veteran’s medical facility. Medicaid is not considered other comparable coverage for Opt-Out purposes.



## Flexible Spending Accounts (FSA)

- **A health care FSA** lets you set aside money from your paycheck, before it is taxed, to pay for eligible expenses. This is a *general purpose FSA* and we refer to it as a FLEX account (FXM).
- **The limited purpose FSA** is for only those who enroll in the High Deductible Plan (HDP). This account lets you set aside money or reimburse yourself for dental and vision expenses, plus it helps cover out-of-pocket medical expenses after you satisfy the HDP Plan deductible. We refer to the *limited purpose FSA* as an LP-FLEX account (LPX).
- **Both accounts are administered through UnitedHealthcare**
  - Limited to \$3,150 employee election annually
  - Some employers contribute to these accounts (but not all) and employer contributions do not count toward the \$3,150 election limit.
  - Accounts end the earlier of employment term date or coverage end date

## Health Care Flexible Spending Account (FSA)



- Accounts can be used for eligible health care expenses as defined under Section 213(d) of the Internal Revenue Code.
- Visit [pebcinfo.com](http://pebcinfo.com) or [myuhc.com](http://myuhc.com) to view a list of eligible/ineligible expenses.
- “Use it or lose it” rule – you forfeit unused funds exceeding \$610. Up to \$610 of unused funds roll over to the next year.
- No grace period – expenses must be incurred January 1 – December 31. Claims must be filed by April 30 of the following year.
- Use the UnitedHealthcare Health Care Spending Card at point of sale, file claims on-line or mail a paper claim.
- IRS requires claims substantiation. Do not ignore letters from UnitedHealthcare requesting your backup.

## Health Care Flexible Spending Account (FSA)



- Funds are available for your use on the first day of the plan year (provided you enrolled in an FXM or LPX account).
- If you elect a medical flexible spending account, you will receive a FLEX debit card (Health Care Spending Card) from United Healthcare. A card will automatically be issued at no cost to you.
- Do not throw your Health Care Spending Card away – if not expired, it will work the next year provided you selected a FLEX account during annual enrollment. You will receive a new card before your card expires.

## Applies to Both FSA and HSA Accounts



- Funds can be used to reimburse out-of-pocket expenses for you and your dependents claimed on your Federal Income Tax Return only (must meet IRS qualified dependent rules).
- Dependents do not have to be enrolled on your medical plan.
- Cannot be reimbursed from any other source.



## What account can you select?

- **High Deductible Plan (HDP) allows for a Health Savings Account (HSA)**

Select the health savings account (HSA).

Your maximum election is the difference between the IRS annual limit and your employer seed money contribution to your HSA.

*Example* - If you elect single HDP coverage and your employer contributes \$850 to health savings account, the maximum you can deposit is \$3,300 – total \$4,150.

You are also strongly encouraged to contribute to your HSA account through payroll deduction.

To stretch your funds even more, you can elect a *limited purpose* FLEX account (UnitedHealthcare) for your vision /dental expenses and medical expenses after deductible.

## Health Savings Account (HSA)

- A personal bank account that you own.
- You won't have to pay federal income tax on:
  - Deposits you or others make to your HSA
  - Money you spend from your HSA on qualified medical expenses
  - Interest earned on the HSA
- Money deposited into your HSA account is yours to keep, even if you change jobs, health plans or retire.
- There is no “use it or lose it” rule.



## HSA Account Limits

- Contribution limits are set by the IRS. 2024 limits are:

**Employee Only** - \$4,150

**Family** - \$8,300

*These limits include any contributions made by your employer or family members.*

If you are a full-time active employee, your employer will also deposit seed-money funds to your HSA bank account in early January. Refer to the 2024 Employee Health Benefits Rate Sheet (Enrollment Packet) for more information.

If you are age 55 or older, the IRS allows you to make an annual \$1,000 catch-up contribution. This can also be done through payroll deduction.

## The HSA Account Bank

- If you are newly enrolled in the HDP, your employer will facilitate opening your HSA bank account.
- If you are already enrolled in the HDP, your HSA account remains in force.
- Optum Bank<sup>SM</sup>, Member FDIC
- Affiliated with UnitedHealthcare
- The national leader in HSA banking with more than a million account holders
- Offers the convenience of banking through **myuhc.com**®



## You are eligible to open and contribute to an HSA if:



- You are covered by an eligible high-deductible plan (like the HDP Plan).
- You are not covered by another health plan that is not a high-deductible plan (example – another traditional health plan like a PPO).
- You are not enrolled in Medicare (includes Part A, B, etc.), TRICARE, TRICARE for Life, or received care from a VA facility in the three months before contributing to the HSA.
- You are not claimed as a dependent on someone else's tax return.
- You are not covered by a health care flexible spending account (such as the PEBC FXM) or by your spouse's FSA plan



## HSA Account

***Remember – this is a bank account.***



Funds are available for your use only if you have funds in the HSA bank account. This is different than the FSA account.

For more account information, watch for the Optum Bank Welcome Kit after your new account is opened.

Interest – your account can earn interest depending on your average balance and if you choose to invest your funds.

### Account Fees

- As long as you maintain an average balance of \$500 or more, you are not charged a \$1.00 per month maintenance fee.
- If you wish to invest a portion of your balance, the monthly investment fee is \$3.00 and the investment threshold is \$2,000.

## About the HSA Bank Account



- You are in charge of managing your HSA account – it is a personal bank account that belongs to you.
- The IRS decides which expenses can be paid and reimbursed from an HSA account. See IRS Publication 502.
- Save your receipts! You will need them later. Optum Bank does not track your spending or eligibility.
- Optum Bank may contact you for additional account information in order to establish your account.
- Optum Bank will mail you a Welcome Kit after your new account is first established. You will also receive an Optum Bank Debit Card for use in paying for qualified expenses. This is a no-fee MasterCard and is different than the Health Care Spending Card Card.



## About the HSA Bank Account (continued)



- You are not taxed on deposits to the account or any earnings on the funds. You are also not taxed on withdrawals as long as funds are used to pay qualified medical expenses.
- Any funds used for something other than qualified medical expenses are considered “income” and will be taxed.
- Unless you are age 65 or older (or disabled and enrolled in Medicare), you will also pay a 20% tax penalty for use of the funds on something other than qualified medical expenses.
- Adopt the “save” vs. “spend” approach – try to keep funds in the account as long as possible.



# Multiple Payment Options for HSA Account Holders



## Debit Card

- No fee for Debit Card
- No usage restrictions
- Can be used anywhere MasterCard is accepted
- Additional cards available



## Online Bill Pay

- Option for automatic pay
- Option to pay provider or reimburse self



## Convenience Checks

- Optional Purchase
- Checkbook of 25 checks costs \$10



## The Right Tools

**Using your HSA wisely means using these tools:**

- myHealthcare Cost Estimator®
- myClaims Manager
- Health Savings Checkup
- Personalized Messages
- UnitedHealthcare™ Mobile App



# myHealthcare Cost Estimator

Showing information for: Neil Smith 01/01/1980 | Hello Neil Smith | Log Out

**UnitedHealthcare** CUSTOMER LOGO

## myHealthcare Cost Estimator

Care Estimates | What is myHealthcare Cost Estimator? | How It Works

### Get Your Answers Here

myHealthcare Cost Estimator pulls together all the information you need to make an informed choice about where to receive care based on cost and quality information - personalized for you.

Get started using the search toolbar or browsing all treatments and conditions.

[What is myHealthcare Cost Estimator?](#) | [How It Works](#)

See My Benefits | New Search | Saved Searches | Help | Hide

**Health Insurance Information:** Medical With HSA  
 Individual:  
 Deductible: \$1,600  
 Out-of-Pocket Maximum: \$3,200  
 For more information on coinsurance and/or co-pays, click on [Review Plan Details](#)  
[Review Plan Details](#)

**Individual Responsibility** [Review Plan Details](#)

**\$1,400** Paid Year-to-Date  
 Deductible \$1,600 | Out-of-Pocket Max \$3,200

**Year-to-Date Spending**  
 Health Account Balances:  
 Choice HSA: Available Balance: **\$500**

Find Out How You Can Use an HSA to Help Pay for this Treatment:  
[Tell Me More >](#)

Welcome! Enter your search criteria above to get started.

**Easily estimate your health care costs.**

## UnitedHealthcare™ Mobile App

- Find nearby physicians
- Track claims
- See your HSA account balance
- Speak directly with a nurse and more



**myuhc.com, your personalized gateway to information that may lead to better decisions**

**myuhc.com is the go-to resource for enrolled employees**

Employees can:

- Understand your benefits
- View account balances (deductible and OOP)
- Find doctors in your area – evaluate on quality and cost efficiency
- Look up claims
- Estimate costs ahead of time via myHealthcare Cost Estimator
- Learn about how to stay healthy

- [www.myuhc.com](http://www.myuhc.com)
- [www.pebcinfo.com](http://www.pebcinfo.com)
- [www.optumbank.com](http://www.optumbank.com)

### On the Go – apps

- UnitedHealthcare - find a doctor, check a claim, view your ID card, and more.
- Visit [caremark.com](http://caremark.com) and select the mobile app appropriate for your device.
- UnitedHealthcare for your FLEX accounts

## Important Information



You must file IRS Form 8889 with your annual tax return to report contributions to and distributions from your HSA. HSA contributions, investment earnings (if any) and withdrawals (if made for qualified medical expenses) are generally not taxable for federal (and, in most cases, state and local) income tax purposes. However, under certain circumstances, your HSA may be subject to taxes and/or penalties. And, if your HSA contributions for any year exceed the annual limit, you are responsible for contacting Optum Bank to request a refund of the excess.

Be sure to save receipts for all withdrawals from your HSA. You are responsible for verifying eligible medical expenses under the IRS tax code. Some of your responsibilities include:

- Determining your eligibility to contribute to an HSA
- Keeping receipts to show you used your HSA for qualified medical expenses
- Tracking contribution limits and withdrawing any excess contributions
- Making sure funds are transferred to a qualified HSA, and
- Identifying tax implications and reporting distributions to the IRS.

Once enrolled, contact Optum Bank for detailed information about eligible expenses and your responsibilities regarding contributions and record keeping.

Since this is your personal account and you are responsible for compliance with the tax rules, it is recommended you consult with your personal tax advisor about your personal situation or contact the IRS. Your employer cannot provide you tax advice.

