HEALTHCARE SAVINGS ACCOUNT (HSA) – GENERAL OVERVIEW QUESTIONS

Q: What is a Health Savings Account?

A: A Health Savings Account (HSA) is a tax-advantaged health care account that you own. You contribute to it with tax-free or tax-deductible funds. You can use those funds to pay for eligible health care expenses now and in the future. This includes expenses for you, your spouse, and your tax dependents. This is true even if your spouse and dependents are not on your health plan. To contribute to an HSA, you must have a qualified High Deductible Health Plan (HDHP).

Each year, the IRS sets the maximum amount you can contribute to the HSA. The funds that you contribute but don’t use will roll over year to year. In addition, an HSA is portable. This means that if you change employers or leave the workforce, the HSA stays with you. Finally, with an HSA you don’t have to submit documentation for the funds you use. However, you should keep all your receipts and statements in the event of an IRS audit. These will show that you used the funds for eligible expenses.

Q: Are my HSA contributions and earnings taxable?

A: Generally, your contributions and earnings are tax-free. This means you don’t pay federal taxes on the amount you contribute from your paycheck. In addition, your HSA earnings aren’t subject to federal income tax.

Your HSA contributions and earnings aren’t generally subject to taxation by most states and other taxing entities such as cities. However, this may change at any time. You should talk with your tax adviser or state department of revenue for more information.

Q: Who is eligible for an HSA?

A: To be eligible for an HSA, you must meet certain requirements.

You must have a qualified High Deductible Health Plan (HDHP).

You cannot have other health coverage that pays for out-of-pocket health care expenses before you meet your plan deductible

You or your spouse cannot have a health care Flexible Spending Account (FSA) or Health Reimbursement Account (HRA) in the same year.

You cannot have Medicare or TRICARE.

You cannot have received Veterans Administration (VA) health benefits in the previous three months.

You cannot be claimed as a dependent on another person’s tax return.

To open the HSA, you must provide a valid U.S. mailing address (for Patriot Act Banking requirements) so HSA will be available only to CONUS employees.
Q: When am I eligible for a Health Savings Account (HSA)?

A: First, you must be enrolled in a qualified High Deductible Health Plan (HDHP) to have an HSA. The date that you’re eligible to contribute to an HSA is based on the effective date of your HDHP.

If your HDHP starts on the first day of the month, then you’re eligible for the HSA that same day. Example: Your HDHP starts on January 1. This means you’re eligible for the HSA on January 1.

If your HDHP starts on any day after the first day of the month, you’re eligible for the HSA on the first day of the next month. Example: Your HDHP starts on January 15. This means you’re eligible for the HSA on February 1.

Once you sign up for the HSA, you must go through a Customer Identification Process (CIP). With the CIP, we verify your name, Social Security number, address and date of birth. If we need more information from you, that could delay the opening of your HSA. Once your HSA opens, that’s the effective date. So, your effective date may be later than the date you’re eligible.

Q: I have an HSA with another bank. Can I also enroll in a PayFlex HSA?

A: Yes. You can have more than one HSA. The amount that you contribute to all HSAs is still limited to the Internal Revenue Service (IRS) annual contribution limit for the year.

You may also close your old HSA and transfer the funds to your new HSA. You may be paying fees on your old HSA. If you want to move your funds to your HSA with PayFlex, complete the HSA Trustee Transfer Form. Go to Documents & Forms to download it. Be sure to have your other bank send the funds to:

PayFlex Systems USA, Inc.,
HSA Operations
P.O. Box 3317
Carol Stream, IL 60132-3317

Q: Am I still eligible for an HSA if I have other types of health coverage?

A: It depends on the type of health coverage you have. You can have other insurance that covers the following:

- Liabilities from workers’ compensation laws, torts, or ownership or use of property (such as automobile insurance)
- Specified disease or illness
- A fixed amount per day (or other period) for hospitalization
- Accidents*
- Disability*
- Dental Care*
- Vision Care*
- Long-term Care

You can also have a discount card and an HSA. A discount card gives you discounts on health care services or products.

* This coverage can be through insurance or some other form of coverage.

Q: I’m a reservist and have interim TRICARE coverage while on reserve duty. Does this make me ineligible for an HSA?
A: No. TRICARE is ONLY for the time you are on reserve duty so it would not be considered as “other health coverage”.

HEALTHCARE SAVINGS ACCOUNT (HSA) – QUESTIONS ABOUT QUALIFIED HIGH DEDUCTIBLE HEALTH PLAN (HDHP)

Q: What is a qualified High Deductible Health Plan (HDHP)?
A: An HDHP has a higher deductible than most health plans. With this type of plan, you must first pay a deductible. Once you pay the deductible, then the health plan can pay a portion of your claims. To be HSA-eligible, a qualified HDHP must meet the following criteria.

Minimum Deductibles – A qualified HDHP must have minimum deductibles. If the plan has a deductible that’s lower than this minimum, it’s not a qualified plan for the HSA. For 2020, the minimum deductible amount for a self-only plan is $1,400. For a family plan, the minimum deductible is $2,800. Your plan may have a higher deductible.

Limit on Out-of-Pocket Expenses – A qualified HDHP limits what you pay out of pocket in the plan year. This limit includes what you would pay for deductibles, co-payments and co-insurance. Note: These limits apply to in-network services only. The limits don’t include what you pay for premiums, out-of-network services, expenses that the plan doesn’t cover, or amounts that exceed lifetime limits, if applicable. For 2020, the out-of-pocket maximum for a self-only plan is $6,900. For a family plan, the maximum is $13,800.

Preventive Care – The HDHP can cover preventive care while you’re still meeting your deductible. The plan can cover preventive care at 100%. It may also require a co-pay or co-insurance for certain preventive services. Even though the plan covers preventive care, you would still be eligible to contribute to an HSA. Preventive care includes annual health exams, routine prenatal and well-child care, child and adult immunizations, stop-smoking programs, weight-loss programs and certain screening services.
Note: The IRS sets these limits each year. They may change from year to year based on a Cost-of-Living Adjustment (COLA).

**Q: Is there a change to children’s age requirements with the HDHP?**

A: Children up to age 26 can be covered in an HDHP. However, as the IRS sets the HSA regulations for HSAs. IRS regulations allow for HSA funds to be used for eligible healthcare expenses for dependent children up to age 24.

**Q: On the HDHP if I have a covered medical expense of $350.00, how much of the $350.00 goes towards deductible?**

A: If the $350.00 is the discounted/negotiated price, the $350.00 will go towards the high-deductible. You can use your HSA for your deductible expenses.

**Q: On the HDHP, if I take a Tier 2 drug now, which is a $35 copay on my Choice POS II plan, will my copay apply to the deductible?**

A: For an HDHP to be qualified, the IRS requires that deductible apply to your covered prescription drug costs. The only exception to this is the drugs specifically noted on the Preventive Medicine List, which is posted to the HDHP with HSA page on nafhealthplans.com.

The actual discounted price of the drug would apply to your deductible. You can use your HSA for your deductible expenses. There are no copays on the HDHP so all covered expenses would have the deductible apply and then the plan coinsurance up to the calendar year Out-of-pocket maximum.

**Q: What are the HDHP plan deductibles, coinsurance and Out-of-Pocket maximums?**

The 2020 individual (employee only) in-network deductible for the HDHP is $1,500. The family in-network deductible for the HDHP is $4,500. In-network coinsurance is 75%. The 2020 In-network Out of Pocket maxim for individual (employee only) is $6,000 and for family, it is $12,000.

**Q: What is the formulary (list of covered drugs) for the HDHP medical plan?**

A: The HDHP plan uses the same formulary as that used for the other medical plans. You can find it here: [https://www.nafhealthplans.com/health-benefits/pharmacy-program/](https://www.nafhealthplans.com/health-benefits/pharmacy-program/)

**Q: My allergy shots under the Choice POS II plan are covered at 100%. Does that mean they're a preventive care procedure which would be covered at 100% under the HDHP plan, too?**

A: No. Allergy shots (while typically covered at 100% under the current medical plan) are not considered part of the preventive care list, so under HDHP, they must be subject to deductible and coinsurance.

**Q: When will the 2020 rates/payroll contributions be released for the new HDHP plan and current plan(s)?**

A: Final plan info and rates are released right before OE. It’s anticipated that they’ll be released mid to late October. Open enrollment will be a five week period (Oct 28 2019-Nov 29 2019).
Q: Can I use a GoodRx discount card for prescriptions and still use my HSA funds?

A: GoodRx is a pharmacy discount card. If you use it (vs. your health plan) to purchase your prescription drugs, you can use HSA monies. GoodRx is NOT used in conjunction with your health plan coverage for prescription drugs. You can decide what is best for you. Please remember that the cost of prescriptions purchased using GoodRx discounts will not automatically count toward your deductible. If you have other medical expenses, or if you have several expensive prescriptions, it may make more financial sense to use your insurance to satisfy your deductible.

Q: Will the HDHP medical plan pay for care that is typically covered by Long Term Care Insurance?

No. Care for assistance with daily living activities such as bathing, eating, toileting, etc. are not covered by either your current medical plan or the new HDHP medical plan.

Q: Will there be new forms for enrollment?

A: You will need to make an election for 2020 OE. Each NAF has their own enrollment process, so be sure to go to nafhealthplans.com under the NAF Enrollment tab. IRS does require that you make an election if you want the HSA with the new HDHP medical coverage.

Q: Will every employee be required to enroll during 2020 Open Enrollment?

A: DoD NAFs are going to have an “Active” Enrollment, which requires all employees to make an election. The election would be to decide which medical plan (now that there is a choice for 2020) and/or which dependents you wish to cover.

HEALTHCARE SAVINGS ACCOUNT (HSA) – QUESTIONS ABOUT HSA and FSA

Q: Can I have a Flexible Spending Account (FSA) with an HSA?

A: If you’re contributing to an HSA, you can’t have a regular health care FSA.

Q: I may have FSA rollover up to $500 from 2019 that will rollover into 2020. Can I elect the HDHP and HSA? (Note: Air Force does not have rollover)

A: No. You cannot have a healthcare FSA in the same year as you contribute to an HSA. Your options are:

- Use the 2019 FSA funds before 12/31/2019
- Submit 2019 eligible healthcare expenses by the filing deadline for your NAF
- Forfeit your 2019 rollover FSA funds
- Not elect HSA for 2020

Q: What if I elect the HDHP and HSA for 2020 then I will have my HSA account from 2020. Can I elect the other plan option for 2021 and enroll in an FSA?
A: Yes. You can have your HSA account and but are not able to contribute to the HSA account unless you are enrolled in the HDHP. If you’re enrolled in the Choice POS II or Traditional Choice Plan, active employees can elect Flexible Spending Account (FSA) for the year they do not elect the HDHP with HSA. Retirees are not eligible to elect FSA.

Q: Can I still elect the Dependent Care FSA when I elect the HSA?

Yes. You can elect the Dependent Care FSA and still be eligible and elect the HDHP with HSA. You are not able to elect Health care FSA and HSA in the same plan year.

HEALTHCARE SAVINGS ACCOUNT (HSA) – QUESTIONS RELATED TO MEDICARE

Q: I’m currently enrolled in Medicare. Am I eligible to enroll in an HSA?

A: If you’re enrolled in Medicare, you aren’t eligible to contribute to an HSA. If you didn’t have Medicare all year, you may be able to contribute for the months before you started Medicare. If so, you can open an HSA. If you had Medicare all year, you can’t open an HSA.

Q: Can I have an HSA if my spouse is enrolled in Medicare, but I am not?

A: If you’re eligible to open and contribute to an HSA, then you can do so. This is true even if your spouse has Medicare coverage.

Q: I became eligible for Medicare during the year; can I continue to contribute to my HSA?

A: Starting with the month that you’re enrolled in Medicare, you’re no longer eligible to contribute to an HSA. However, you can still use your funds for eligible expenses.

Example: You have an HSA on January 1. Starting July 20, you’re covered under Medicare. This means you’re eligible to contribute to an HSA from January through June. For these months, you would prorate how much you can contribute. You have until the tax filing deadline to contribute to your HSA. The tax filing deadline is generally April 15 of the following year.

Q: I’m enrolled in Medicare. Can I use my HSA funds for my Medicare premiums?

A: If you’re age 65 or older, you can use your HSA funds for most Medicare premiums. You can’t use your HSA funds to pay for a Medicare supplemental policy.

Q: Can I use my HSA to pay for my spouse’s health care expenses if they’re enrolled in Medicare?

Yes. You can use your HSA to pay for eligible out of pocket health care expenses for you and your spouse.

Q: If I’m a retiree who has saved some HSA monies, what happens to my HSA monies when I reach age 65?
A: You can use the monies in your HSA account for HSA eligible expenses. If you use it for ineligible expenses (new TV, down payment for a new car, etc.), the amount of HSA dollars used will be taxable. If you are not age 65 and use HSA dollars for ineligible expenses, there will be an IRS tax penalty and the amount will also be taxable.

Q: Are there penalties if I use my HSA when I begin receiving Medicare benefits?

A: You can still use your HSA to pay for eligible health care expenses, even if you’re no longer eligible to contribute. The same rules for using your HSA apply. If you use your funds for an ineligible expense, you would have to pay income taxes. You may also have to pay a 20% penalty tax.

Q: I’m 65 and I have Medicare. I also still have coverage through my employer’s health plan. May I use my HSA funds to pay my portion of my employer’s health coverage?

A: The health plan coverage for those that have Medicare primary is supplemental coverage. HSA funds can not be used to reimburse yourself for any Medicare supplemental health coverage that you have.

Q: I’m 65 and I have Medicare. I was not eligible to have my employer’s health plan for my retirement. May I use my HSA funds to pay for Medicare premiums?

A: Yes, Medicare and other health insurance if age 65 and older, not including Medicare supplement, is an eligible medical expense for the purposes of HSAs.

HEALTHCARE SAVINGS ACCOUNT (HSA) – QUESTIONS ABOUT HSA CONTRIBUTIONS

Q: Who may contribute to my HSA?

A: Anyone can contribute to your HSA. This means that you, your spouse, your employer, a family member and any other person can contribute. All contributions will count toward your annual limit.

Q: How much can I contribute to my HSA?

A: Each year, the Internal Revenue Service (IRS) sets annual contribution limits for HSAs. These limits are based on your HDHP coverage level (self-only or family). For 2020, the limit for self-only coverage is $3,550. The contribution limit for a family enrolled in a family high deductible health plan (HDHP) is $7,100. These limits include any contributions – from employer deposit and/or employer incentives, pretax from your paycheck or post-tax. The annual contribution limits is for the tax year and would include any that you have contributed while employed by another employer.

You can contribute in a lump sum or multiple times throughout the year. You can change how much you contribute at any time during the year; you don’t need a life event change. If you’re age 55 or older, you can contribute another $1,000 per year. This is a “catch-up” contribution to help you save for health care expenses.
This means the amount you can contribute is based on a few things.

- Do you have self-only or family coverage?
- Did you have coverage under the HDHP plan for the entire year? If not, you may have to prorate how much you can contribute. Proration means you contribute just for the number of months you have the HDHP.
- Are you 55 or older?

You may want to speak with your tax advisor. They can help you understand how much you can contribute to your HSA. You might also find it helpful to review IRS Publication 969 at www.irs.gov.

Q: Will my NAF employer contribute to my HSA?

A: Yes. In 2020, your NAF employer will contribute $500 for employee only to your HSA. For family, your NAF employer will contribute $1,000. Family is any employee + 1 or more covered dependents.

Q: Does my credit history impact my ability to meet the IRS requirements for a Health Savings Account or to open the HSA bank account?

A: No.

Q: When will funds in the HSA be available for use?

A: Funds will be available the first day of the plan year once you elect HDHP and HSA. Your NAF employer will make a one-time deposit into the HSA account for each plan year that you participate in the HDHP and HSA.

Q: When will funds that I earn by doing any of the incentives (biometric screening, complete a health assessment, online journeys, complete three calls on a goal with a Disease Management nurse, etc. deposit into my HSA be available for use?

A: Incentive funds will be available typically within two weeks from the completion of the incentive.

Q: How much can I contribute if I don’t have the HDHP for the entire year?

A: How much you can contribute depends on when you had the HDHP.

If you’re covered under an HDHP on December 1, then the Last-month rule applies. This means that if you’re covered on December 1, you can contribute to your HSA as if you were covered under the HDHP all year. If you do make a full-year contribution, you must remain covered under an HDHP for a total of 13 months. This means you have the HDHP for the rest of December and all of the next calendar year. If you don’t have HDHP coverage for the 13-month period, you’ll be taxed on what you contribute for the months you weren’t eligible. You may also have to pay a 10% tax penalty.

Example: You have an HDHP starting on May 1, 2020. You still have the HDHP coverage on December 1, 2020.
You contribute up to the contribution limit for 2020. However, at some point in 2020, you’re no longer covered under an HDHP. You’ll have to pay income taxes on the amount for those months in 2020 that you weren’t actually eligible. In this example that would be for the months of January through April 2020. You would also have to pay a 10% tax penalty on that amount.

If you have an HDHP for part of the year but not on December 1, then the Proration rule applies. You can only contribute for the months that you’re eligible. To prorate your contribution, first divide the annual contribution limit by 12. This will give you the monthly contribution limit. Multiply the monthly amount by the number of months you were covered under the HDHP. Note: Eligibility is based on being covered under the HDHP on the first day of each month.

Example: On January 1, 2020, you enroll in a family HDHP. Your coverage under that plan ends on April 30, 2020. The most that you can contribute for the year is $2,366.64 ($7,100/12 = $591.66 x 4 months).

You may want to speak with your tax advisor. They can help you figure out how much you can contribute.

Q: How much can I contribute if I change my HDHP coverage level during the year?

A: How much you can contribute depends on the coverage that you have when you start and end the year.

If you have self-only coverage on January 1 and family coverage on December 1, the last-month rule applies. With the last-month rule, you can contribute as if you were eligible all year. This means that you can contribute as if you had family coverage under the HDHP all year.

If you do contribute the family limit for the year, you’ll have to keep your HDHP coverage for 13 months. It includes the month of December and all of the next calendar year. If you don’t keep HDHP coverage for the full 13 months, the contributions you otherwise weren’t eligible to make are no longer tax-free.

Example: On January 1, 2020, you had self-only coverage. On July 1, you change to family coverage. You still have family coverage on December 1. You can contribute $7,100 for the year, based on the last month rule. You’ll have to remain eligible for the rest of 2020 and all of 2021. If you don’t remain eligible during that time, you’ll have to pay taxes on the difference between self-only and family for the months of January through June.

If you start the year with a family HDHP but have self-only coverage by December 1, the Proration rule applies. Proration means that you have to break down the annual limit by month. This will help you figure out how much you can contribute for the year.

Example: From January 1 through July 31, 2020, you have a family coverage under an HDHP. From August 1 through December 31, 2020, you have self-only HDHP coverage. For January through July, you can contribute $4,141.62. ($7,100/12 = $591.66 x 7 months). For August through December, you can contribute $1,479.15 ($3,550/12 = $295.83 x 5 months). In this example, you can contribute $5,620.77 ($4,141.62 + $1,479.15) for the year.
You may want to speak with your tax advisor. They can help you figure out how much you can contribute.

**Q: I work at the same NAF employer as my spouse. If I enroll in HDHP family coverage (to cover my spouse and me) and I elect and qualify for the HSA, can my spouse contribute to my HSA via his paycheck contributions?**

**A:** No. HSA contributions via paycheck can only be made by the HSA owner.

**Q: I am no longer in a qualified High Deductible Health Plan (HDHP). Can I still contribute to my HSA?**

**A:** No. Per IRS regulations, you must be enrolled in a qualified HDHP to contribute to an HSA. However, you have until April 15 of the following year to contribute for the time you were eligible.

**Q: What is a “catch-up” contribution?**

**A:** If you have an HDHP and are 55 or older, you can contribute another $1,000 to your HSA each year. This is a catch-up contribution.

Example: You have a self-only HDHP coverage. For 2020, the contribution limit is $3,550. If you’re 55 or older and you remain eligible for the full year, you can contribute up to $4,550.

If your HDHP covers your spouse who’s 55 or older, they can also make a catch-up contribution. If your spouse wants to do this, they would have to open up their own HSA. Only one person can own an HSA. This means that your spouse can’t contribute their catch-up contribution to your HSA.

Keep in mind, once you’re covered under Medicare, you’re no longer eligible to contribute to an HSA.

**Q: Can I transfer funds from my IRA into my HSA?**

**A:** Yes. You can make a one-time transfer from your Individual Retirement Account (IRA) into your HSA. You would do this as a trustee-to-trustee transfer. The transfer amount is tax-free. It does count toward your HSA contribution limit for the year. You must stay in a qualified HDHP for 12 months after the transfer date. This is the testing period. If you don’t keep HDHP coverage for the entire testing period, you’ll have to pay income taxes on the transfer amount. You may also have to pay a 10% penalty tax. If you have additional questions, you should talk to your tax advisor.

To transfer your funds, complete the HSA Trustee Transfer Form. Go to Documents & Forms to download it. Be sure to have your other bank send the funds to:

PayFlex Systems USA, Inc.,
HSA Operations
P.O. Box 3317
Carol Stream, IL 60132-3317
Q: When is the deadline for contributing to an HSA?

A: For any year that you have an HSA, you can contribute up to the tax filing deadline. This deadline is usually April 15 of the following year. If you contribute for the prior year between January 1 and April 15, you’ll need to note that on your contribution. If you don’t let us know, we’ll post the contribution for the current year.

Q: What happens if I contribute more than the IRS limit for the year?

A: The amount that you can contribute to your HSA each year is based on a number of factors. These include your level of HDHP coverage (self-only or family), how long you had the HDHP, and your age. If you or anyone else contributes more than the IRS contribution limit into your HSA, you have an “excess contribution.” You should remove the excess contribution from your HSA. You can do this online as a withdrawal of an excess contribution. Or you can complete the HSA Return of Excess Contributions or Opened in Error Closure Form and send to PayFlex. Go to Documents & Forms to download it. The form will give you the information on how to fax or mail it to us.

You should remove excess contributions by the tax filing deadline for that year. If you don’t remove the excess contribution, that amount will be subject to income taxes and may be subject to a 6% penalty tax. If you have more questions about your contributions, you should talk with your tax advisor.

Q: How can I keep track of my balance?

A: You can view your account balance online or through the PayFlex Mobile® app. You can also sign up to receive e-mails or text messages with your balance.

Q: Will I receive a statement of my account activity?

A: You can choose how to receive your statements. You may view and/or download them online or receive them through US Mail. There may be a fee for paper statements. You can view your Fee Schedule online. Select your Health Savings Account from the dashboard.

HEALTHCARE SAVINGS ACCOUNT (HSA) – QUESTIONS ABOUT USING YOUR HSA FUNDS

Q: When can I start to use my HSA?

A: You can begin using your HSA once it’s open. The effective date of your HSA determines which expenses you can pay with the HSA funds. You can use your HSA funds for expenses that you incur on or after the HSA effective date. You can’t use the HSA for expenses that you incurred before your HSA opened.

Q: What expenses can I use my HSA for?
A: You can use your HSA to pay for qualified medical expenses that you pay out of pocket. This includes qualified expenses for you, your spouse and your tax dependents. This is true even if they aren’t covered by your HDHP. You can view a list of common eligible expenses online.

https://www.nafhealthplans.com/health-benefits/medical/hdhp/

https://www.payflex.com/individuals/common-eligible-expenses/health-care

To use your HSA funds, you must have received the care on or after the effective date of your HSA. You can find more information www.irs.gov. Refer to IRS Publications 969 and 502.

Q: Who is responsible for determining whether the HSA funds are used for medical expenses?

A: As the account owner, you have to make sure that you use your HSA funds for eligible medical expenses. You should keep all of your receipts. Also, make sure to keep good records of your withdrawals. If you have more questions, you should talk with your tax advisor.

Q: How do I use the funds in my HSA?

A: Once you have funds in your HSA, you have a few ways you can use your funds. You can make a payment to your provider from your HSA. If you have a PayFlex Card®, you can use it to pay for eligible health care expenses. If you paid out of your pocket, you can go online and pay yourself back.

When you pay yourself back, you can do so through a linked bank account. This will withdraw funds from your HSA and deposit them into your personal account. It can take up to 48 hours for you to see the funds in your account.

To link a bank account, log in and go to your account settings to get started.

If you prefer to receive a check, use the online tool to request funds and pay yourself back.

Q: Can I use my PayFlex Card® with my HSA?

A: Yes, you can use it with your HSA account.

Q: What should I do if my health care provider asks for payment at the time of my visit or service?

A: If your health care provider asks for payment at the time of service, tell your provider you have a qualified High Deductible Health Plan and you aren’t supposed to pay anything yet. Let them know you have to wait for a statement or Explanation of Benefits (EOB) showing how much you owe.

If the staff asks you to pay anyway, ask them to call your health plan to find out what you owe. The plan will know the in-network rate that you owe. If the staff insists you pay the full fee that they charge, it’s OK to pay them. Once you receive your EOB and know how much you owe, you can ask for a refund for the amount you overpaid.
If you paid with your HSA, you can return the funds to your HSA.

You can use the funds to offset another expense that hasn’t been reimbursed. Make sure you keep all receipts, statements and EOBs.

If you don’t take either of these actions, you may have to pay income taxes and a 20% penalty on the refunded amount.

Q: Do I need to keep my receipts?

A: You should keep all your itemized statements and receipts. These will show that you used your HSA funds for qualified medical expenses. You would also need them if the IRS ever audits your tax return. You are not required to submit your receipts for HSA eligible expenses where you used your PayFlex debit card or submitted for reimbursement.

Q: I paid for an eligible health care expense out of pocket. How do I get reimbursed?

A: You can go online to request a reimbursement. If you linked your bank account, you’ll receive the reimbursement as a direct deposit to your personal account. It can take up to 48 hours for you to see the funds in your account. To link a bank account, log in and go to your account settings to get started. If you prefer to receive a check, use online tools to request funds and pay yourself back.

Q: I no longer have a qualified High Deductible Health Plan (HDHP). Can I still use my HSA to pay for health care expenses?

A: Yes. You can continue to use your HSA funds to pay for eligible health care expenses. However, you can’t contribute to your HSA if you no longer have an HDHP.

Q: If I’m divorced or legally separated from my child’s other parent, can I still use my HSA funds to pay for my child’s health care expenses?

A: If you’re divorced or legally separated at the end of the year, or if you lived apart from your spouse during the last six months of the year, your child is a dependent of both of you. This is true no matter which one of you claims the child’s tax exemption. This means you could use your HSA to pay for your child’s eligible health care expenses.

Keep in mind, you both can’t use your HSAs for the same claim. If one of you uses HSA funds to pay for your child’s eligible expense, the other can’t use their HSA to pay for the same expense.

For more information, you can visit www.irs.gov and refer to IRS publication 969. Or you can speak with your tax advisor.

Q: Will I have to pay taxes when I use my HSA funds?
A: When you use your funds for qualified medical care, you don’t pay taxes on that amount. If you use your HSA funds for an ineligible expense, then you’ll have to pay income taxes. You may also have to pay a 20% penalty tax. There are times when the penalty tax doesn’t apply. If you’re disabled or age 65 or older at the time you use the funds, you don’t have to pay the penalty.

**Q: Can I use HSA funds to pay for my retiree medical premiums?**

A: No, not for the medical premiums you pay for your employer-sponsored medical coverage. However, after you’re age 65, you can use your HSA funds to pay for your Medicare premiums. Please see (resource /link): [https://www.nafhealthplans.com/files/8815/5559/6466/HSA_Road_Rules_Consumer_2019_Limits_updated_5.22.18.pdf](https://www.nafhealthplans.com/files/8815/5559/6466/HSA_Road_Rules_Consumer_2019_Limits_updated_5.22.18.pdf)

**Q: If I have a handicapped child and I submitted documentation to obtain an age extension to keep my child on my medical plan past age 26, would that extension also apply to the HDHP medical plan? Also, would it apply to the HSA so that I could use my HSA funds to pay for healthcare expenses for my over-age-26 child in this case?**

A: Yes, it would apply to the HDHP medical plan, but no it would not apply to the HSA. IRS allows HSA funds to be used for dependents up to age 24.

**HEALTHCARE SAVINGS ACCOUNT (HSA) – QUESTIONS ABOUT INVESTING HSA FUNDS**

**Q: Is my HSA FDIC-insured?**

A: Yes. When you open an HSA, the funds are in a “cash” account. This is similar to any other bank account. Like with other bank accounts, the HSA funds are FDIC-insured. If you do invest any of your HSA funds, those funds would be in an investment account. Any funds in an investment account are not FDIC-insured.

**Q: Can I invest my HSA funds?**

A: You first need to have a minimum balance in your HSA. This is typically $1,000. You can invest any HSA funds over this minimum balance. You can find this minimum balance amount on the investments page of your online account.

If you do invest any of your HSA funds, those funds would be in an investment account. Any funds in an investment account are not FDIC-insured.

**Q: How does an investment account work?**
A: Members enrolled in an HSA have the option to open an investment account and buy shares from a diversified group of mutual funds.

Any earnings from your HSA investments grow tax-free.

When you reach the required minimum balance in your HSA, you have the option to open an investment account.

If you later need access to spend those invested dollars, simply transfer (sell mutual funds) from the investment account to the HSA.

Q: Where do I begin my investment journey online?

A: After you log in, click My Investment Journey to get started.

Q: What happens if the invested balance in my HSA falls below $1,000?

A: You are able to begin investing HSA funds at $1,000 or greater. If your investment balances falls below $1,000, the monies invested still remain. Money in investments are not FDIC insured.

Q: Where can I find the list of mutual funds available?

A: Prior to opening an investment account, log in and click My Investment Journey from the home page after you log in online. Then click My Investment Options under Learn More to view the fund options.

After you open an investment account: Log in and click View Account Details under the HSA options, then Research Investment Options under Manage Investments.

Q: What research tools are available?

A: Prior to opening an investment account, log in and click My Investment Journey from the home page after you log in online.

Under Learn More, click My Investment Options to view the Fund Prospectus for each fund offered.

Under Learn More, click View Investment Summary to view the quarterly Fund Performance Report.

View the Fund Prospectus for each mutual fund when you open an account and buy mutual funds.

Search the Fund Name or Ticker online (PayFlex uses Morningstar.com).

Q: How do I open the investment account?

A: After you log in, click on View my investment journey. If you have the minimum balance in your HSA, you’ll be able to open an investment account. You’ll be shown the amount you’re able to invest/transfer.

It may take up to 24 hours to establish the investment account.
Any trades requested prior to your account opening will be pended and processed on the first available trade date following the day your account is established.

The first available trade date is the business day following the date your investment account is established.

Mutual fund transactions typically settle one business day after the trade date when submitted by the cut-off time for that business day (4 pm ET).

**Q: How do I buy shares of a mutual fund?**

**A:** When the investment account opens, you can Buy Mutual Funds (transfer funds to the investment account from your HSA), as long as you have enough funds in your HSA.

When transferring funds from your HSA, you just allocate the specified dollar amount from the HSA toward your chosen mutual funds.

Any trades initiated after the market closing time (4 p.m. ET) will process the next market day. Share price subject to vary based on current market conditions. Price listed is accurate at closing of the previous day that the markets were open. Amount displayed does not guarantee current share price.

**Q: Is there a monthly fee or cost associated with the HSA investment account?**

**A:** No. There’s not a monthly fee to maintain your investment account.

**Q: How long does it take to complete a transaction (buy/sell/rebalance)?**

Trades initiated prior to 4 p.m. ET post the following market day.

Trades completed on or after 4 p.m. ET will be completed by the second following market day.

Trades do not post during bank holidays.

**Q: How do I pull money from my HSA investment account back to my HSA to pay a bill?**

**A:** In order to increase the balance in your HSA using the investment balance, you can Transfer From (sell) shares from the desired mutual fund(s).

The transfer will go to the HSA for you to use.

**Q: What is rebalancing / manage portfolio?**

**A:** Rebalancing means adjusting your holdings (buying and selling certain stocks, funds, or other securities) to maintain your established asset allocation.

You can rebalance on a one-time basis or set up a rebalance frequency schedule (monthly, quarterly, semi-annually, or annually).

**Q: Can I set up recurring transfers into the investment account?**
A: Yes, you can set up and manage recurring new transfers from the HSA to the investment account weekly, biweekly, monthly, or quarterly.

Log in and choose Manage Recurring Investments under Manage Investments section.

You can modify or cancel the recurring transfers at any time.

You’ll have the option to transfer on a recurring basis:

A percentage (%) of future HSA payroll contributions or;

A sweep of your HSA over a set threshold (as long as the threshold meets the minimum balance in your HSA).

Example: If you have an HSA balance of $2,000, and you set the recurring sweep threshold at $1,000 -- $1,000 will sweep into the investment account balance during the next scheduled recurring sweep along with any other deposits that went into the HSA.

Q: How can I access an investment statement?

A: You may view your monthly HSA statements online, Log in and select View HSA Statements, under Account Actions.

The monthly HSA statement will list your HSA opening and closing balance, debits and credit transaction details, interest earned, etc.

The monthly HSA statement will list the beginning and ending balance in your investment portfolio, gains/losses, dividends earned, and a breakdown of fund allocations.

Q: Are dividends (gains) automatically reinvested from my HSA into my investment account?

A: No. Dividend earnings credit to your HSA.

You may do another transfer/buy using your HSA as long as your minimum balance is met.

Q: Why does the price per share calculation reflect a different calculation than the post date?

A: When buying or selling on an open market day, before market closing, the number of shares purchased or sold will reflect the current day’s market price.

But, if the buy or sell is after market close or during a weekend/holiday, the number of shares calculated is based on the following market days Net Asset Value.

During bank holidays, the transaction may post on a different day than what the market days buy or sell took place, but would be calculated based on the proper trade date.

Q: How do I close my investment account?
A: Log in and go to My Investments, under Manage Investments. You’ll have the option to close the account. Please note, when closing the account, the funds are liquidated and moved to your HSA.

When the account is closed, mutual funds are sold according to the market closing price based on trade initiation.

**Q: Who selects the HSA funds that PayFlex offers?**

A: Lockwood Advisors, a BNY Mellon company affiliate, determines what funds will be offered under the BNY HSA Investment Platform.

PayFlex has the final determination in which funds offered under the BNY HSA Investment Platform are offered under the PayFlex plan.

**Q: How are gains/losses for mutual funds calculated?**

A: All funds available for investment are traded at Net Asset Value (NAV). NAV per share is calculated daily.

This is based on closing market prices of securities in the fund’s portfolio. All mutual funds buy and sell orders are processed at the NAV after the trade is received.

**Q: Do I have to pay early redemption or load fees?**

A: All of our funds through BNY have no load fees or early redemption fees.

When you view the prospectus for a particular fund, this includes fees for public view, but they aren’t relevant to the investment account through the PayFlex HSA.

**Q: Where can I find the current expense ratio for a fund?**

A: You can find this under the prospectus.

**Q: Are investment funds FDIC insured?**

A: No. Funds in the investment are not FDIC insured and are subject to potential losses. Funds in the HSA are FDIC insured.

**Q: Does PayFlex offer investment advice?**

A: No. PayFlex agents aren’t qualified to offer investment advice.

**Q: Who do I contact for investment advice?**

A: If you’re seeking investment advice, we recommend that you speak with an investment advisor prior to making investment transfers and managing your investment account.
HEALTHCARE SAVINGS ACCOUNT (HSA) – QUESTIONS ABOUT HSA ACCOUNT IF YOU LEAVE YOUR NAF EMPLOYER, UPON DEATH OR WANT TO CLOSE IT

Q: What happens to my PayFlex HSA if I leave my employer or I cancel my health plan coverage?

A: Your HSA belongs to you. If you leave your employer or cancel coverage under your health plan, you may continue to use your HSA funds for eligible health care expenses. We’ll send you a letter about the changes you can expect with your HSA. You’ll keep the same PayFlex account and debit card. You’ll have to pay a monthly maintenance fee. This fee will be paid from your PayFlex HSA on the first of each month.

You can still contribute to your HSA for the months that you were eligible to do so. You have until the tax filing deadline to contribute. The tax filing deadline is generally April 15 of the next year.

If you continue your health plan under COBRA or enroll in another qualified High Deductible Health Plan (HDHP), you may still be able to contribute to your HSA.

If you want to close your HSA, you’ll need to complete the Account Closure form. You can find this form in the Documents & Forms of your online account. You can also call us to request a form. After you close your HSA, you can still view your deposits, payments, and withdrawals on the PayFlex member website.

Q: What options do I have with my PayFlex HSA balance once I leave my employer or I cancel my health plan coverage?

A: You have three options:

Option 1: Keep your HSA at PayFlex. You can use your remaining balance to pay for your eligible health care expenses. You have until the tax filing deadline to contribute for the months that you were eligible. You’ll need to divide the IRS contribution limit by the number of months you were eligible. This will help you know how much you’re eligible to contribute. You’ll use the same PayFlex debit card.

You’ll have to pay a monthly maintenance fee. This fee will be paid from your HSA on the first of each month. You’ll need to log in to view the HSA Fee Schedule. You’ll continue to use the PayFlex member website to manage your HSA.

Option 2: Move your HSA balance to another HSA administrator. You may move your HSA funds to your new HSA administrator. Just ask them for a Trustee Transfer form. Then, complete the form and send it to PayFlex.

Option 3: Return your HSA balance to yourself and rollover to a new HSA. You may request to withdraw your balance from PayFlex and have the funds sent directly to you. To help avoid taxes and penalties on these funds, you’ll need to rollover those funds into a new HSA. You must complete this process within 60 days of
receiving the funds. You’re only allowed one rollover into another HSA per calendar year. This is an IRS rule. The funds you roll over don’t count towards the IRS maximum contribution amount.

**Q: Can I name a beneficiary for my HSA?**

A: Yes. You can name one or more beneficiaries for your HSA. You can do this from your online account. You may have done this when you first registered your HSA online. If you didn’t or if you’d like to make changes, you can do so at any time online through your account settings

**Q: What happens to my HSA upon my death?**

A: First, your estate can use your HSA funds to pay any unpaid eligible medical expenses you may have at the time of your death. If you named a beneficiary, they’ll receive the remaining HSA funds. If that’s your spouse, the HSA will remain an HSA. However, it will be in your spouse’s name. Your spouse won’t have to pay any taxes on these funds.

If the beneficiary is not your spouse, then the funds won’t stay in an HSA. Your beneficiary will receive the funds as a withdrawal from your HSA. This means that the funds will be subject to income taxes. The funds won’t be subject to the 20% penalty tax. Note: If you have a spouse and the beneficiary is not your spouse, some states require your spouse’s consent for you to have that beneficiary. If you have additional questions, you should speak to an attorney or tax advisor.

**Q: I would like to close my PayFlex HSA. How do I do this?**

A: You’ll need to complete an Account Closure form and send that to us. You can find this form in the Documents & Forms of your online account. Or you can call us to request a form.

If you have a balance in your HSA when you close your account, you can request to have those funds returned to you. You must roll over those funds into another HSA within 60 calendar days to avoid taxes and penalties.

You can have PayFlex transfer your balance directly to your new HSA administrator. Ask them for a Trustee Transfer form. Then, complete the form and send it to PayFlex.