

Choice Fund Health Savings Account FAQs

1. What is a health savings account?

A health savings account (HSA) is a tax-advantaged savings account that allows individuals to pay current health care costs or save for anticipated future expenses. To be eligible, an individual must be covered by a high-deductible health plan and not be covered under any other health plan. Maricopa County offers the Choice Fund HSA medical plan. Contributions to the HSA, which are tax deductible and earn interest tax free, can be made by the employer, the employee or both. The accounts are portable, meaning you can take them with you when you leave your employer, and balances accumulate from year to year. HSA funds can be used to pay for qualified medical expenses or withdrawn in cash, although cash withdrawals become taxable and may be subject to an additional withdrawal penalty.

2. Where can I find information regarding the rules that govern Health Savings Accounts?

The Internal Revenue Service Web site is a good source for information about Health Savings Accounts. IRS Publication 969 is particularly helpful. Go to www.irs.gov/publications/p969/ar02.html.

3. I am considering enrolling in the HSA plan. Can you help me understand how to determine my risk?

For help choosing the medical plan that best suits your needs, you can consult the benefit guides (What's New or Know Your Benefits) and the plan comparison charts on the Employee Benefits Web site. You can also contact the CIGNA HSA Customer Service Department directly at 866-524-2483 to speak to a representative knowledgeable in HSAs.

4. In reference to "***Coverage for pre-existing conditions will not be covered under this plan unless continuously insured for one year***", if I change my current CIGNA medical plan to the Choice Fund Health Savings Account (H.S.A.) plan, is that considered a new plan where my previous conditions are going to be now pre-existing conditions and therefore will not be covered under the new plan?

No. If you've have continuous coverage for the last 12 consecutive months with a County medical plan (or any other group health insurance plan) the pre-existing condition will not apply.

5. Since the pharmacy benefit is with CIGNA instead of with Walgreens Health Initiatives, do you have to go to a particular Cigna pharmacy

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to get your prescriptions? Where can I find the list of available pharmacies?

You can search for pharmacies via the online provider directory. Just make sure to click the “pharmacy” option.

<http://cigna.benefitnation.net/cigna/docdir.aspx>

- 6. For a family, the annual plan year deductible is \$2,400. That means that when I go to get a prescription and that prescription is not on the maintenance medication list (for example for thyroid medication) I pay full price at the pharmacy. That total full price I pay starts counting towards the deductible. Correct?**

Yes, all medication fills that are not on the free maintenance medication list are subject to your deductible first. The cost is the contract price of the medication, not the full retail cost.

- 7. I go to the doctor because I have a cold, then I pay the full price for the office visit and that total amount I pay counts towards the deductible. Correct?**

If you go to a CIGNA contracted physician for a non-preventive visit, you will pay the contracted rate for the office visit and yes, it will apply towards your deductible first.

- 8. If I need to go to the emergency room, I get the bill and I pay until I reach the \$2,400 annual family deductible and after that I start paying the 10% (if I stay in-network) until I reach the \$4,000 out-of-pocket maximum. My husband never gets sick. I am the only one incurring the expenses. After we have met the \$4,000 out-of-pocket maximum we, me and my husband, are covered 100% for any additional expenses. Correct?**

Yes, on the family H.S.A. plan, no one is covered at 100% until the \$4,000 out-of-pocket maximum is reached. Expenses that accumulate toward the out-of-pocket maximum for this plan include the plan deductible, co-insurance and copayments for scans such as MRIs. Non-compliance penalties and provider charges in excess of the maximum reimbursable charge (excess amount between billed amount for the service and either the CIGNA contracted rate or the usual and customary charge) do not count toward the out-of-pocket maximum.

Once you have reached the \$4,000 out-of-pocket maximum, then charges for covered benefits for all family members thereafter are covered at 100% (except for non-compliance penalties and provider charges in excess of the maximum reimbursable charge).

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- 9. What if your expenses exceed the amount you have on your HSA account at the beginning of the year? Do you pay out of pocket and then process forms to get the money out of the HSA card?**

You only have available for your use the amount of money that is in your HSA account. You may need to deposit money in your account outside of payroll to cover expenses if you do not have enough money on deposit when needed. You could also make arrangements to pay providers over the course of several months so that you are able to use the money as it is contributed to your HSA account through payroll deduction. Or you can pay yourself back via an HSA check or the HSA debit card. You will just need to keep your receipts to justify cash withdrawals.

- 10. Are the deductions scheduled for all the pay periods 26 times per year or for 2 per month: 24 times/year?**

Employee contributions to your H.S.A. are scheduled for 26 pay periods.

- 11. The bank application indicates that you must not be enrolled in another insurance plan and specifically lists dental and vision insurance. How does that work with the HSA? If I enrolled in this plan, would I not be able to enroll in Cigna dental and EyeMed vision plan as well?**

The way it reads is confusing, however, it actually states that you are only allowed to be enrolled in a limited coverage plan such as vision, dental, etc. It reads as follows: "You may not be enrolled in another health insurance plan either as an employee or dependent ***other than*** another high-deductible health plan, or a plan providing specific, limited coverage (such as specific disease insurance, dental insurance, vision insurance...)"

- 12. I was going through the open enrollment worksheet and I see where you sign up for the HSA plan but not where you elect payroll deductions? How does that work? And, I was listening to the EBC presentation and they indicated that you can change your payroll deduction throughout the year, is this true?**

The HSA contribution is available to you once you elect the HSA medical plan via the online Benefits Enrollment System. You will see the HSA contribution on the screen below the benefit elections along with the Limited Use FSA and Dependent Care FSA elections.

You are able to change your HSA contribution throughout the year by filling out the following form

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http://ebc.maricopa.gov/ehi/pdf/2008/CIGNA_HSA/hsa_deductionform.pdf and submitting it to the Employee Benefits Division. We will work with payroll to update your contribution.

13. And logistically, if I sign up for the HSA plan do I then meet with HR benefits to fill out the bank application, beneficiary and contribution forms or do I do this on my own?

The Employee Benefits Division will send you an enrollment package after Open Enrollment closes. We prefer that you send the completed package to the Employee Benefits Division so it can be imaged and sent to JPMorgan Chase.

14. The bank application states that your employer may elect to pay some of the associated fees related to the H.S.A. account, i.e. monthly maintenance of \$3, account statement of \$0.85, etc. How can I find out what the County pays?

The County does not pay any of the associated fees with the maintenance of your health savings account; however, these fees do not apply to active employees. The fees you reference above are only charged if your employment status with the County changes (i.e. you are no longer employed).

15. At this time I have \$325 credit in my Consumer Choice Pharmacy account. Can this rollover into the HSA?

There was a period of time when a rollover from an HRA was allowed, however, at this time a rollover of unused funds is not permitted.

16. If I'm enrolled in a family HSA plan, does the entire family annual deductible have to be met prior to the 10% co-insurance applying or is the deductible met on an individual family member basis?

For the HSA family coverage medical plan, the \$2,400 must be met first before the 10% co-insurance applies. The individual deductible does not apply to a family H.S.A. plan.

17. I am considering moving to the HSA medical benefit during open enrollment, but have a tax question. My husband has a new job and their medical plan is an HSA for him only. Can we have two HSAs - one with only him, the other only me and the children if we are married, filling jointly?

You should speak with your accountant or the Internal Revenue Service regarding your specific tax questions; however, the only requirement that

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the Employee Benefits Division is aware of is that the HSA plan can be your ONLY medical coverage. Meaning you cannot be insured under the Maricopa County's HSA plan and your husband's HSA plan or any other medical insurance plan.

I have attached a link that may address your questions more specifically:
http://www.treas.gov/offices/public-affairs/hsa/faq_contributing.shtml

18. I am enrolled in an HSA plan. Am I still eligible to contribute to a flexible spending account?

If you are enrolled in an HSA, you can participate in the Limited Use flexible spending account plan. You can set aside up to \$5,200 as your plan year contribution, which reimburses you for eligible dental and vision care services only (as defined by the IRS) that are not covered by your insurance.

19. Can I take my HSA with me when I leave or retire?

Yes. If you leave or retire from Maricopa County, you take your health savings account with you. You have the option to leave the funds in your account or withdraw them and receive a check from the bank. Please note that if you choose to withdraw funds, you will need to redeposit the amount into another health savings account to avoid possible tax penalties. You should consult with your tax advisor for advice.

20. We are enrolled in the Choice Fund Health Savings Account (HSA) plan. If we purchase hearing aids, can we request reimbursement under the Flexible Spending Account or must the reimbursement come from the H.S.A?

When you are enrolled in the HSA. plan, the only health care flexible spending account plan that you can enroll in is the Limited Use Flexible Spending Account. With the Limited Use FSA, you can request reimbursement for dental and/or vision claims only. Therefore, for hearing aid purchases, you would need to utilize your HSA account.

21. Is there a way we can find out what the doctor's charges were for visits we had this year? For example, my wife had a lower GI series, can I go to CIGNA and find out what they paid to see what it would have cost me?

Yes; go to www.mycigna.com (you'll have to register or if already registered know your username and password) and view your medical claim history for yourself and family. It will list the submitted amount, covered amount (contracted rate for the service), the deductible/copay

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amount, and the amount paid. This same information is included on Explanation of Benefits that you may have received from CIGNA when they paid the claims. This should give you a good idea about how much providers are charging for the services provided. (An abbreviated example is shown below)

Service Details

Service(s)	Service Date(s)	Submitted Charge	Charges Not Covered	Applied to Deductible/Copay
PHYSICIAN	02/18/2009	\$75.00	\$75.00	\$0.00
PHYSICIAN	02/18/2009	\$167.00	\$88.83	\$78.17
LABORATORY	02/18/2009	\$30.00	\$19.99	\$10.01
Totals		\$272.00	\$183.82	\$88.18

The example above is for a claim for a well child appointment where a strep-test was also performed. The total bill was \$272.00; the CIGNA contractual discounted amount was \$183.82 which left the member's financial responsibility at \$88.18.

22. For the Choice Fund Health Savings Account, how much does the County contribute to the Health Savings Account?

The County contributes to the Choice Fund Health Savings Account in the amount of \$500 for individual coverage (employee only) or \$1,000 for family coverage (employee + dependent(s), if you are enrolled at the beginning of the plan year (coverage effective July 1). This occurs for enrollees during Open Enrollment for the new plan year or for newly eligible employees with a benefit effective date of July 1.

- If you enrolled and coverage is effective after July 1, the County contribution to your Health Savings Account will be pro-rated by the number of months remaining in the plan year.
- If you have a qualified status change after July 1 where you added one or more dependents, which changed your coverage from individual to family, the difference between the \$500 individual contribution and the \$1,000 family contribution will be pro-rated based on the effective date of the change and by the number of months remaining in the plan year. Please note when you add dependents to your individual coverage, the plan deductible changes from an individual deductible to a family deductible as of the effective date of the change and the deductible is not pro-rated.

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- If you initially enrolled for family coverage and later in the plan year had a qualified status change where you dropped all of your dependents so that your coverage changed from family to individual, funds previously contributed by the County will not be taken away. Please note that when you drop dependents from family coverage, the deductible changes from a family deductible to an individual deductible as of the effective date of the change and the deductible is not pro-rated.

23. When does the County make its contribution to my Health Savings Account?

The County contribution occurs as soon as administratively possible following the beginning of the plan year. A number of events must occur before funding can be completed, especially if you are enrolling in this plan for the first time.

- An H.S.A. Enrollment Package must be completed first. The Employee Benefits Division sends enrollees the Enrollment Package after Open Enrollment closes at the end of May.
- The employee completes the forms contained in the Enrollment Package and sends them either to Employee Benefits or directly to JPMorgan Chase. (The preferred method is to send to Employee Benefits for imaging and delivery via secure email.)
- The Health Savings Account is opened at JPMorgan Chase. The employee is notified by letter sent via U.S. Postal Service mail when the account is opened.
- Once the account is opened, Employee Benefits is also notified and then the funding process begins by sending an employer deduction request to payroll.
- Payroll enters an employer deduction for the next pay check.
- When the deduction appears on your pay check, Employee Benefits sends funds to your Health Savings Account.
- The funds appear in your Health Savings Account in approximately five working days from the date of your pay check containing the employer deduction.