

High Deductible Health Plan (HDHP) w/Health Savings Account (HSA)

Supplemental Enrollment Information

- You are only eligible for a Health Savings Account (HSA) if you are not covered by any other medical plan unless it is also an IRS qualified High Deductible Health Plan (HDHP).
- You are not eligible for an HSA and cannot make or receive pre-tax contributions if you are covered by any non-qualified HDHP plan including a spouse's or domestic partner's employer coverage such as an HMO, PPO, healthcare FSA, Medicare, Tricare. Special rules apply for Veterans Administration (VA) coverage and Indian Health Services coverage. If you have VA benefits or Indian Health Services benefits, you should contact them directly for more information regarding your eligibility for an HSA.
 - If you are going to be eligible for Medicare, VA coverage, Tricare or Indian Health Services any time during the next plan year, you must notify Clatsop County prior to the start of the plan year.
 - If you become covered by any other medical insurance plan, you must notify Clatsop County immediately. Any amount contributed to an HSA after you become ineligible is considered taxable income.
 - If you are eligible for VA coverage but want to contribute to an HSA, you may not use your VA benefits during the year as this will disqualify both you and your employer from contributing any pre-tax funds to an HSA. If you use VA benefits during the year after you and/or the County have made contributions to an HSA, you may be subject to taxation of those funds if it comes to the attention of the IRS.
- Neither you nor your spouse may be enrolled in an employer sponsored Section 125 pre-tax plan (sometimes referred to as a Healthcare FSA or Medical Spending Account) unless it is a limited plan that reimburses only for dental or vision. Your spouse also cannot be enrolled in a Health Reimbursement Arrangement (HRA)/Voluntary Employee's Beneficiary Association (VEBA) unless it is a "limited purpose" plan that reimburses only for dental or vision expenses.
- If you are covered by your spouse's medical plan (excluding an IRS-qualified HDHP) after January 1 and choose not to waive coverage (or your spouse is unable to drop you from coverage until his/her next open enrollment period) you will be ineligible for an HSA (funded by employer or employee). You will, however, still be covered by the employer's HDHP. Pro-rated contributions may be made to an HSA account once you provide proof that you have lost the other coverage and are eligible to receive them.
- You and/or any family member who is covered by this HDHP and is enrolled in Medicare Part A or B must enroll in Medicare Part D when initially eligible for Medicare or upon the effective date of coverage under this plan. If Medicare Part D is not elected during this time, the eligible person may pay a late enrollment penalty for life.
- You may not use HSA funds on a tax-free basis to reimburse healthcare expenses for a child over the age of 18 (or over 24 if enrolled in a qualifying school) who does not qualify as your tax dependent per IRS regulations. If the eligibility of a dependent is in question, contact your tax professional or the IRS.
- If you enroll a domestic partner in your medical plan, there are limitations to using your HSA funds on a tax-free basis to reimburse his/her healthcare expenses. Contributions in excess of the maximum allowable for a single filing status may be taxable under IRS guidelines. Questions regarding these issues should be directed to a tax or legal advisor.
- Clatsop County makes an annual payment of \$1,100 (for single enrollment) and \$2,200 (for family enrollment) in January. If you terminate your employment prior to December 31 and do not continue coverage on the HDHP through COBRA or as a retiree, you can no longer make contributions to your HSA unless you enroll in another qualified HDHP privately or through new employment. For new employees the HSA is subject to a waiting period, and the County's initial contribution will be pro-rated for the remainder of the plan year.
- The total annual HSA contribution limits for 2022 are \$3,650/single or \$7,300/family. If you are 55 years or older you may contribute an additional \$1,000 per year until you become Medicare eligible.
- All additional contributions to your HSA account that occur after you become entitled to Medicare benefits will be considered taxable income. The term *entitled to benefits* under Medicare means both:
 - Eligibility, which is based on birth year, current age (65), or a qualifying disability such as renal failure, and
 - Enrollment, which occurs when you are enrolled in Part A (major medical), Part B (medical office visits) and/or Part D (prescriptions).

Acknowledgement

I have read this overview and the materials provided to me by Clatsop County and Optum Bank regarding the rules governing contributions to and reimbursements from an HSA account. If I accept HSA contributions from the county when I am not eligible to receive them, or if I am reimbursed for any ineligible medical expenses, I understand that I am liable for any taxes and penalties that may be assessed.

Print Name

Date

Signature