

# HSA and FSA

State and Higher Education

September 22, 2020



# Optum Bank, Member FDIC

## Member FDIC

Optum Bank® is a national leader in health care banking and a member of the FDIC.

All deposits are insured up to \$250,000.



Optum Bank is the largest provider of HSAs in the United States.



Optum Bank has multiple layers of cyber fraud protection to protect accounts.

## FORTUNE 500

### UNITEDHEALTH GROUP®

Optum's parent company, UnitedHealth Group is ranked #6 on the Fortune 500.



145,000

Optum® has more than 145,000 people collaborating to make the health system work better for everyone.



Optum Bank offers multiple convenient ways to access your account:

- Live support on the phone
- Optum Bank® Mobile App, the industry's #1 rated mobile app
- On-demand access online at [optumbank.com/tennessee](http://optumbank.com/tennessee)

# What is an HSA?

Health savings accounts (HSAs) are individually owned savings accounts that offer a tax-advantaged way to save and pay for qualified medical expenses.



Requires a qualifying high-deductible health plan (CDHP)



Annual contribution limits are set by the IRS.



Triple tax advantage: contributions to the HSA are pre-tax, interest and investment earnings are tax free, funds taken out to pay for eligible healthcare expense are tax free



Balances can be carried over from year to year, and even if you change jobs, your HSA is yours to manage and use. You may choose to invest a portion of your HSA once you have at least \$1,000 balance.

While deposits are insured by the FDIC, investments are not FDIC insured, are not guaranteed by the FDIC or Optum Bank®, and may lose value.

# Determining eligibility for HSA

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## IRS REQUIREMENTS

- You must be covered under CDHP/HSA medical plan on the first day of the month.
- You have no other health coverage except what is permitted by the IRS. (including health coverage plans your spouse has where you are covered)
- You are not enrolled in Medicare, TRICARE or TRICARE for Life.
- You haven't received Veterans Affairs (VA) benefits within the past three months, except for preventive care. If you have a disability rating from the VA, this exclusion doesn't apply.
- You can't be claimed as a dependent on someone else's tax return.
- You do not have a health care flexible spending account (FSA) or health reimbursement account (HRA). Alternative plan designs, such as a limited-purpose FSA or HRA, might be permitted.
- Other restrictions and exceptions may also apply. We recommend that you consult a tax, legal or financial advisor to discuss your personal circumstances.

# Contribution limits

## AMOUNT OF CONTRIBUTION

The IRS determines how much you can deposit into your HSA each year, and limits are determined on a calendar/tax-year basis.

## CONTRIBUTION RULES

	2020	2021
Individual coverage	\$ 3,550	\$ 3,600
Family coverage	\$7,100	\$7,200

IRS rules state that contribution limits must generally be prorated by the number of months you are eligible to contribute to an HSA. Your eligibility is based on your coverage status on the first day of the month.

## ADDITIONAL CONTRIBUTION

Those 55 years of age or older, but not yet enrolled in Medicare, can fund an additional **\$1,000/year** “catch-up” contribution.

Spouses can make a separate \$1,000 catch-up contribution to an account in their own name.

State and Higher Education employees receive seed funds in early Jan from the state

\$250-Single

\$500-Family

# Making the most of the HSA for Plan Members and your Organization

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- Tax-free contributions can be taken from their paycheck regularly and placed in their HSA this saves Plan Member and your organization on FICA taxes.



- State employees will enter into Edison the annual amount they want to contribute to their HSA.
- Higher Education employees will complete a paper form with their ABC.
- Total annual amount will be divided by the number of payroll periods and deposited to HSA each pay period



- The State and Higher Education provides HSA seed funds in early January. It is based on the health plan election coverage type. Individual coverage = \$250 and other coverage types = \$500
- Any employee whose benefit effective date is Sept 1 or earlier and is enrolled in CDHP/HAS will receive seed funds



- HSA is a great retirement vehicle; HSA funds carry over from year to year and are never forfeited as in FSA. There are investment options once a HSA Accountholder exceeds \$1,000 balance .



- Plan Members are responsible for keeping receipts and EOBS as proof of funds spent from their HSA in case of audit. Optum Bank will not request any substantiation of spending for HSA. Unlike FSA where each transaction requires substantiation.

# 3 FSA types

## State and Higher Education employees only

A medical, limited-purpose or dependent care FSA helps you budget for expenses you'll have this year while reducing taxable income.



**Tax savings:** Your taxable income is reduced by the amounts you deposit into your FSA accounts, up to IRS limits.



**Medical-**For employees enrolled in PPO or no plan

- An account that helps pay for eligible medical, pharmacy, vision and dental care expenses, including those that may apply to your annual deductible.
- You can contribute up to \$2,750 for 2021.
- You can carryover up to \$500 to the next year.
- 2 Debit Cards sent mid December. You can order more



**Limited purpose-**For employees enrolled in CDHP/HSA

- A tax-advantaged account offered alongside an HSA, so employees can pay for dental and vision expenses with pre-tax dollars without having to dip into the HSA.
- Use your limited-expense FSA money to pay for [qualified medical expenses](#)
- You can contribute up to \$2,750 for 2021.
- You can carryover up to \$500 to the next year



**Dependent care-**No health plan requirement

- If you have children under 13 or adult dependents who aren't capable of caring for themselves, you can use your dependent care FSA to pay for eligible daycare expenses.
- You can contribute up to \$5,000 per year (or \$2,500 per spouse if married filing jointly)
- Reimbursements made to you after care has been provided. No debit card.

# Paying for eligible expenses from HSA or FSA



## Paying from your HSA or FSA

- **Use the Optum Bank debit Mastercard®** to:
  - Pay on the spot at a doctor's office, pharmacy or other health care facility.
  - Pay a bill you receive from a doctor or other provider.
  - For the FSA, you will still need to submit your receipts to substantiate your card swipe-save and upload
- **Use online bill pay.**
  - Use our secure website to send payments directly to your health care providers, pharmacy or other payees.
- **Use the Optum Bank mobile app.**



Download the Optum Bank app



## Reimbursement

- For HSA or FSA- When you pay for qualified expenses out of pocket, you can log in and request an ACH or check disbursement.
- For FSA - File a claim online or through the mobile app
- For FSA- You will upload your receipt and/or an EOB from your medical, dental, vision or dependent care provider. If substantiation is not provided when requested, card will be deactivated until provided or card swipe repaid
- For HSA-You can use your Debit Mastercard at any ATM that displays the Mastercard acceptance mark to get cash from your HSA to reimburse yourself.

(Note: You'll need your PIN. There's a \$300 per 24-hour limit on ATM withdrawals and \$2.50 fee from OptumBank. The owner of the ATM machine is likely to have a fee too. If they do, it will be disclosed on the screen before you accept the transaction)\*

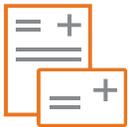
# Getting Started

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State employees-choose your FSA/s during open enrollment

Higher Education employees-Enroll and Elect your payroll contributions by visiting [optumbank.com/Tennessee](http://optumbank.com/Tennessee) and click on Higher Education employees: Click here on home page. Instructions flyer available on home page



Plan members will receive your HSA and FSA welcome letters and Optum Bank debit Mastercard® in mid December. They will arrive in separate mailings.

The Dependent Care account election will not receive a debit card.



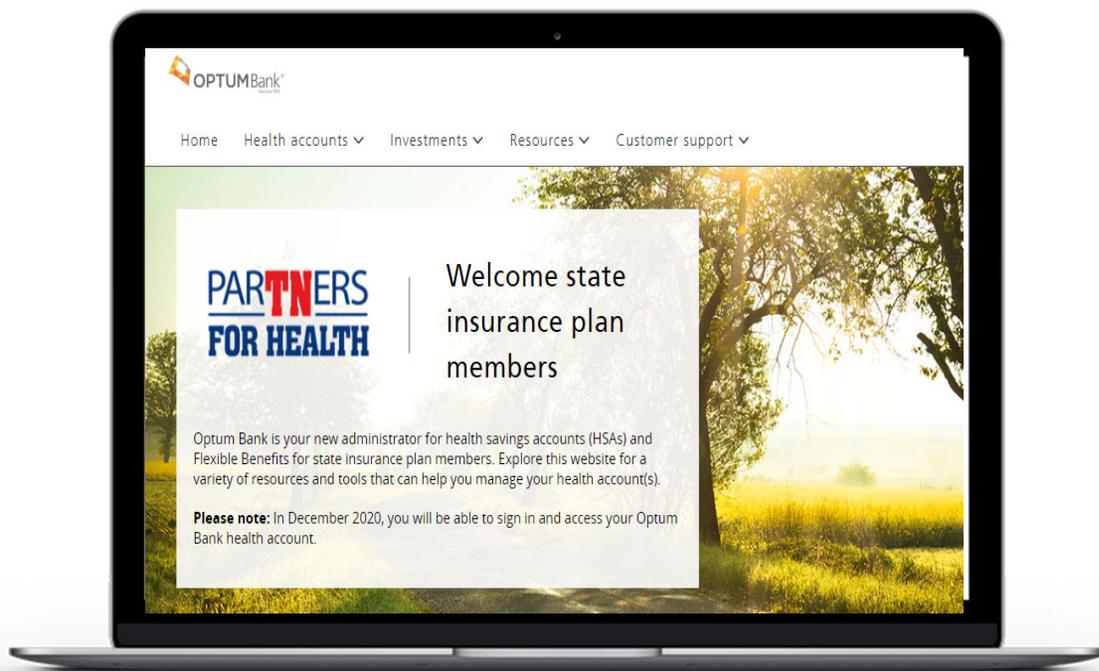
Activate accounts online at [www.optumbank.com/tennessee](http://www.optumbank.com/tennessee) and your Optum Bank debit Mastercard.



Download the Optum Bank app to conveniently manage your FSA

# Get connected with Optum Bank

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- **Optumbank.com/tennessee is loaded with resources:**
  - Optum Bank virtual assistant chat
  - Qualified medical expense search tool
  - Education resources such as videos and webinars
  - HSA Calculators
  - Health Savings Checkup tool
  - Tax center and more
  - Sign in to access your account

# What if you have more questions?

- Call

ABC Support Center  
800-294-6620  
Mon-Fri 7am – 6pm CT

- Email

accountservices@optum.com

Visit

[www.optumbank.com/tennessee](http://www.optumbank.com/tennessee)



- Benefits Administration has a CDHP/HSA video located at <https://www.tn.gov/partnersforhealth/health-options/cdhp.html> that you can share with your employees. Another video for retirees can be found at <https://www.youtube.com/watch?v=DLraj1qtH9I>

- Easy reference grid on the state's website compares HSAs and FSAs and makes it easy to distinguish the differences between them, on the Publications page under HSA/FSA: <https://www.tn.gov/partnersforhealth/publications/publications.html>

# Questions?

# Appendix

## Other resources

**Investments are not FDIC-insured, are not guaranteed by Optum Bank and may lose value.**

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Health savings accounts (HSAs) are individual accounts offered or administered by Optum Bank®, Member FDIC, and are subject to eligibility requirements and restrictions on deposits and withdrawals to avoid IRS penalties. State taxes may apply. Fees may reduce earnings on account. Flexible spending accounts (FSAs) and health reimbursement accounts (HRAs) are administered by OptumHealth Financial Services and are subject to eligibility and restrictions.

Mutual fund investment options are made available through the services of an independent investment advisor. Shares are offered through Charles Schwab & Co., Inc., a registered broker-dealer. Orders are accepted to effect transactions in securities only as an accommodation to HSA owner. Optum Bank is not a broker-dealer or registered investment advisor, and does not provide investment advice or research concerning securities, make recommendations concerning securities, or otherwise solicit securities transactions.

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