

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

## Frequently Asked Questions

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### What is a High Deductible Health Plan (HDHP)?

A HDHP is a medical insurance plan that combines a tax-advantaged savings account with traditional medical insurance. It has a higher deductible and out-of-pocket maximum than your traditional medical plan. With the exception of preventive care, your **medical and prescription expenses** apply towards your deductible prior to the plan paying its share. Employee premiums are generally lower than those of a traditional medical plan.

### What is a Health Savings Account (HSA)?

A health savings account (HSA) is a tax-favored savings account created for the purpose of paying medical expenses. This account offers triple tax savings:

- Contribute tax-free
- Funds grow tax-free
- Distributions used for qualified medical expenses are tax-free

### Who can have an HSA?

In order to have an HSA account, you must be enrolled in a qualified high deductible health plan. The CareFirst Indemnity or EHP Classic plans are not qualified plans. To be eligible for an HSA, you must meet the following requirements, as defined by the IRS:

- You are not covered by any other non-HDHP plan, such as a spouse's plan
- You are not enrolled in Medicare, TRICARE or TRICARE for Life.
- You can't be claimed as a dependent on someone else's tax return.
- 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 are not covered by a traditional Health Care Flexible Spending Account (FSA) or Health Reimbursement Account (HRA). Alternative plan designs, such as a limited-purpose FSA or HRA, are permitted.

### Am I eligible to have an HSA if my spouse has Medicare or other coverage?

Yes, as long as your spouse's other coverage is employee only and not covering you, you are still eligible to contribute to an HSA. Your spouse's enrollment in Medicare doesn't provide coverage for you, so you remain eligible to contribute to your HSA as long as you aren't covered by a non-High-Deductible Health Plan (non-HDHP). Your spouse's qualified medical expenses are still eligible for reimbursement from your HSA even though your spouse is enrolled in Medicare.

### How do I open an HSA account?

Once you sign up for the HDHP, an HSA account will automatically be opened for you. You will agree to the banking terms during your enrollment.

## Who will manage the HSA?

Discovery Benefits will manage your HSA and provide your investment options.

## What can I use my HSA funds for?

Your HSA dollars can be used to help pay the health insurance deductible and any qualified medical expenses, including those not covered by the health insurance, like dental and vision care. A qualified medical expense is one for medical care as defined by Internal Revenue Code Section 213(d). [Click here](#) to learn more.

## How much can I contribute to my HSA?

For 2020, the IRS limits for HSA contributions are \$3,550 for an individual and \$7,100 for those who are covering a dependent(s). This limit includes your contribution from JHU.

*NOTE: If you are 55 or older, you can make an additional catch-up contribution of \$1,000.*

## How much will JHU Contribute to my HSA?

If you are making \$60,000 or less JHU will contribute to your HSA in January (for annual enrollment elections) or the 1<sup>st</sup> of the month following your enrollment effective date.

	Employee Only Coverage	Family Coverage (Employee + 1)
Salary Band \$40,000 or less	\$500	\$1,000
Salary Band \$40,001 - \$60,000	\$250	\$500

*\*NOTE: JHU funding will be prorated on a monthly basis for all enrollments after 1/1/2020.*

## How do I make or change contributions to my HSA?

You can make pre-tax contributions to your account through payroll deductions. Please visit the benefits portal and click on “enroll/make a change” to edit your payroll contribution. Changes to your HSA contribution can be made at any time during the year. You can also make one-time contributions (outside of payroll deduction) to your account through the Discovery Benefits member portal.

## Can I contribute to my HSA once I turn 65?

You can continue contributing to your HSA once you turn 65 as long as you don't enroll in Medicare. Keep in mind you're automatically enrolled in Medicare Part A if you sign up for Social Security benefits. Your HSA won't be affected if your spouse enrolls in Medicare, but you as the primary accountholder can not. Once you enroll in Medicare, you can no longer contribute to your HSA, but can continue using funds in the account for eligible expenses. You would need to log into the benefits enrollment portal to stop your payroll contributions.

## Can I use my funds in 2020 to pay for claims from 2019?

No, your funds can only be used for 2020 expenses forward.

## What are the investment options offered by Discovery Benefits?

When you have a minimum balance of \$1,000 in your HSA you may begin investing your cash balance. [Click here](#) for a list of funds available.

## Can I use my HSA funds for my spouse or tax dependents?

You can use HSA funds for eligible expenses incurred by your spouse if you file taxes jointly. You can use HSA funds for eligible expenses incurred by your tax dependents, regardless if they are covered by your HDHP or a separate, non-HDHP insurance plan. Your spouse and/or dependents must be covered under an HDHP if you

contribute the family maximum. The HSA coverage level (single or family) only affects how much can be contributed, not who can use the funds.

### **Can I combine my individual HSA with my spouse's individual HSA?**

No. If you open an HSA in your name, you cannot transfer the funds to an HSA owned by another individual. However, you can stop contributing to your account and instead contribute the family maximum to your spouse's HSA.

### **I have an existing HSA, can I roll it over into my new account?**

Yes, you can rollover an existing HSA into your new account. [Click here](#) to complete the transfer form. You would work with your existing HSA administrator to rollover the funds.

### **Are there any fees related to the HSA?**

The monthly banking fee is waived as long as you are an active employee.

### **What happens if I leave JHU?**

An HSA is your personal bank account and is portable. If you were to leave JHU, the account and the full balance goes with you. You will also be responsible for any banking fees related to your account.

### **What if I decide to switch from a HDHP to a traditional PPO plan?**

If you are no longer on a qualified HDHP, you can still use your funds to pay for medical expenses, but you cannot contribute to the account. Keep in mind that an HSA can also pay for things like Medicare premiums in the future.

### **What happens to the money in my HSA account when I die?**

If **Your Spouse** is your beneficiary, there will be no tax implications. The HSA is transferred directly to your spouse. He/she can then continue using the HSA money for spending, saving or investing within the standard IRS guidelines. It remains an HSA and the same tax-advantaged rules would continue to apply.

If **Your Beneficiary is not your Spouse**, the HSA ends on the date of your death. The funds will be distributed and taxed as income to the beneficiary based on the fair market value. However, the beneficiary can use the HSA funds to pay for medical expenses of the account holder for up to 12-months after their death.

If **Your Beneficiary is Your Estate or No Beneficiary Designated**, the HSA will be distributed to your estate and taxed as income on your final income tax return