



# 2022 CDHP Frequently Asked Questions (FAQs)

**OBERLIN**

COLLEGE & CONSERVATORY



# Frequently Asked Questions (FAQs)

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## FUNDING ACCOUNTS: HEALTH SAVINGS ACCOUNTS (HSAs) AND HEALTH REIMBURSEMENT ARRANGEMENTS (HRAs)

### Who is eligible to open an HSA?

You must be:

- Covered by Oberlin College's CDHP medical plan
- Not covered by another first-dollar health insurance plan (such as covered by secondary insurance under your spouse's PPO plan)
- Not enrolled in Medicare
- Not able to be claimed as a dependent on someone else's tax return.

### What if I'm not eligible for an HSA?

For those ineligible for an HSA, the College will provide the same amount of funding to you through a Health Reimbursement Arrangement (HRA).

### The College said it will offer an HRA as an alternative for those not eligible for the HSA. How will the HRA work (i.e., the amount of funding, carryover, etc.)?

A health reimbursement arrangement (HRA) is an IRS-approved, employer-funded health benefit used to reimburse employees for out-of-pocket medical expenses. This will be available for employees who are not eligible to enroll in the HSA (i.e., if you are also covered by Medicare). The College will provide the same amount of annual funding into the HRA accounts and HSA accounts, and unused balances will roll over year-to-year. However, the IRS only permits employers to contribute to HRA accounts and they are not employee-owned like HSA accounts, so when you leave employment or disenroll from the CDHP plan, the HRA funds are forfeited.

### What expenses are eligible to be paid from the HSA and HRA?

The IRS determines which expenses are eligible for reimbursement. The HSA and HRA funds provided by the College can be used for the same eligible expenses. Eligible expenses include most medical, drug, dental and vision charges (refer to IRS Publication 502).

### What happens to the funding accounts when I'm no longer enrolled in the College's CDHP plan, leave employment or retire?

HSA Accounts - Accounts are employee-owned and you get to keep the funds if you change health insurance plans or leave the College. Once you disenroll from a CDHP plan, the IRS prohibits new contributions into the HSA; however, you may continue to use the funds to pay for qualified medical expenses.

HRA Accounts - HRA accounts are owned and funded by employers only. When employees disenroll from the CDHP plan, any remaining funds are returned to the employer. If you retire from the College, you will become eligible for a separate Retiree HRA (RHRA) fund; however, any funds you have accumulated in the HRA fund paired with the CDHP plan cannot roll over into the (RHRA).

### Are investment options available with the HSA and HRA accounts?

You may invest your accumulated HSA funds. This is not an available option with HRA accounts. After your HSA balance reaches \$1,000, Avidia Bank (Medical Mutual's HSA administrator) offers a variety of mutual funds for you to choose from (i.e., Franklin Templeton, PIMCO and Vanguard).

### Are there IRS tax implications with the funding accounts and domestic partner coverage?

Oberlin College will provide funds at the Employee+1 or Family rate for those with domestic partners; however, a domestic partner's medical expenses are generally not eligible for tax-free distributions. Funds can be used to pay for a domestic partner's medical expenses only if they qualify as your tax dependent under IRC §152, as modified by §223(d)(2)(A). Note: Any unqualified distributions will be includible in gross income; and the distribution will be subject to a 20% tax penalty (pre-age 65).

How are eligible expenses reimbursed when members use forms of payment other than their HSA or HRA debit card?

Members can request a check or set up a direct deposit option to receive reimbursement using their online account or via the AccountLink mobile app.

## FLEXIBLE SPENDING ACCOUNTS (FSAs)

May I participate in the FSAs while enrolled in the CDHP-HSA or HRA plan?

All employees may participate in the Dependent Care FSA plan. Employees enrolled in the HSA plan may not participate in the College's general-purpose Health Care FSA due to IRS regulations. If you are enrolled in the HRA, you may participate in both the Health Care and Dependent Care FSA plans.

If I do not enroll in the College's medical insurance, may I enroll in the FSA plans?

If you are not enrolled in the medical plan, you can still participate in the Health Care FSA and the Dependent Care FSA.

# HSA, HRA and FSA Comparison Chart

The matrix below compares features of the HSA, HRA and Flexible Spending Accounts (FSAs):

	HSA & HRA	Health Care Flexible Spending Account (HC-FSA)	Dependent Care Flexible Spending Account (DC-FSA)
Eligibility	Must be enrolled in the CDHP plan	You <u>cannot</u> be enrolled in the CDHP-HSA plan	No restrictions dependent upon the medical plan
Qualified Expenses	Medical, Rx, Dental, Vision	Medical, Rx, Dental, Vision	Eligible Dependent Care Services
2022 Employer Annual Contribution*	<u>Single:</u> \$1,000 + \$500 = <b>\$1,500</b> <u>EE + I:</u> \$1,500 + \$750 = <b>\$2,250</b> <u>Family:</u> \$2,000 + \$1,000 = <b>\$3,000</b>	Not applicable	Not applicable
Rollover	Unused balance rolls over year to year	None	None
Changes to Contributions	HSA: Any time	Only during annual open enrollment	Only during annual open enrollment

\*For the 2022 plan year, Oberlin will provide a first-year additional contribution to the HSA by funding 75% of your deductible. In years after, the contributions from Oberlin revert back to funding 50% of your deductible as follows: \$1,000 for Employee / \$1,500 for Employee + Spouse or Child(ren) / \$2,000 for Family.

## COLLEGE-EMPLOYED SPOUSES

**My spouse and I are both employed by the College. How will the HSA and HRA accounts work?**

The current policy will remain the same: If the spouse/domestic partner is also an Oberlin College employee, with no dependents, both employees must carry single coverage. Both of you would get individual HSA or HRA accounts that the College will fund at the Single rate. Funds from either funding account can be used to pay for the other's eligible expenses.

If there are dependents, then a family plan must be taken. When the family plan is taken, the cost shall be deducted from the employee with the higher salary.

## MEDICARE

**I'm on Medicare. Can I still get the HSA? If not, what are my options? If yes, what do I need to do?**

If you are currently covered by Medicare, the IRS does permit funding into your HSA; however, you are still eligible to enroll in the CDHP plan and receive contributions from the College through an HRA (Health Reimbursement Arrangement). The College will fund the HRA and the HSA equally.

**I will be eligible for Medicare this year, but I do not plan to enroll in Medicare until after I retire. Can I still have an HSA?**

Yes, a person that is 65 years old can delay taking Social Security and be eligible for HSA contributions as long as they are not enrolled in any part of Medicare, including A, B or D.



Did you know?

The CDHP-HSA plan retains the **same network of medical and prescription providers.**

## How do I delay both Part A and Part B of Medicare?

Some people will be automatically enrolled in Medicare Part A and Part B. Other people need to complete an application with Social Security. To find out if you can delay Part A, you first need to figure out which applies to you:

\_\_\_ If you will receive benefits from Social Security (or the Railroad Retirement Board (RRB) at least 4 months before you turn 65:

- You will automatically get Part A and Part B starting the first day of the month you turn 65. (If your birthday is on the first day of the month, Part A and Part B will start the first day of the prior month.)
- To delay Part B, you must refuse Part B before your Medicare coverage has started. You have two options for refusing Part B:
  1. Follow the instructions that come with the Social Security card and send the card back. If you keep the card, you are keeping Part B and will pay Part B premiums.
  2. Contact Social Security at 1-800-772-1213 (TTY 1-800-325-0778).

\_\_\_ If you will not receive benefits from Social Security or the RRB at least 4 months before turning 65, if you want to delay both Part A and Part B coverage, you do not need to do anything when you turn 65. You should sign up for Medicare when you stop working or lose your health insurance from your (or your spouse's) current employer.

## I am collecting Social Security, what are my options?

Once you have signed up to receive Social Security benefits, you can only delay your Part B Medicare coverage; you cannot delay your Part A coverage. While you are covered by Medicare and receiving Social Security, you are no longer eligible to receive or make HSA account contributions; however, you may still enroll in the College's CDHP medical plan and receive funding through the College's HRA. Important: The only way to opt-out of Part A is to withdraw your original application for Social Security benefits and repay any benefits you've already received.



### Contribution Catch Up

If **55 years of age or older**, you can contribute an additional \$1,000 to your HSA.



### When should I sign up for Part A and Part B of Medicare?

If you decide not to enroll in Part A and Part B during your Initial Enrollment Period with Medicare, your next chance to enroll depends on your situation. If you continue to work and remain covered by the CDHP plan with the College:

- If you're eligible for premium-free Part A, you can enroll in Part A at any time after you're first eligible for Medicare. Your Part A coverage will go back (retroactively) 6 months from when you sign up (but no earlier than the first month you are eligible for Medicare).

Important: If you have a Health Savings Account (HSA), you should stop making contributions into your HSA 6 months before you sign up for Part A and Part B in order to avoid a tax penalty.

- You should start your Part B coverage as soon as you stop working or lose your current employer coverage (even if you sign up for COBRA or retiree health coverage from your employer). You have 8 months to enroll in Medicare once you stop working OR your employer coverage ends (whichever happens first). But you will want to plan ahead, and contact Social Security before your employer coverage ends, so you don't have a gap in coverage.

Important: If you do not enroll in Part B within 8 months of losing your employer coverage, you may have to pay a lifetime late enrollment penalty. In addition, you will only be able to enroll in Part B during the Medicare General Enrollment Period (from January 1 to March 31 each year) and your coverage won't start until July. This may cause a gap in your coverage.

### My spouse is on Medicare, but I am not, what are my options?

If you elect to cover your spouse on Oberlin's CDHP plan, you will be able to enroll in the HSA and contribute up to the IRS family maximum. Even though your spouse is on Medicare, you may still make contributions into the HSA since the account is individually owned and you are eligible to make contributions into your HSA with before-tax earnings.

I'm not on Medicare and eligible to enroll in the HSA. My spouse has a Medicare supplement, so I will not be electing spousal coverage. Am I still able to use my HSA funds to pay for qualified expenses for my spouse?

Yes. You can pay for eligible expenses from your HSA for yourself or your tax dependents, even if the dependent is not covered under your medical plan or if they have other medical coverage. This includes copays, deductibles, and other eligible expenses for which you will not be reimbursed elsewhere.

Can I get tax-free distributions from my HSA for non-eligible expenses when I turn 65?

No. Distributions for non-eligible expenses would be considered taxable income, putting these withdrawals on par in terms of tax treatment with distributions from a traditional 401(k) plan or traditional IRA.

I will be enrolling in Medicare this year. For the first part of the year, I will be covered only by my CDHP at work and the second part of the year I will be covered by Medicare. How much can I contribute to my HSA?

You will be eligible to contribute to your HSA only for the portion of the year that you are not covered by Medicare. You must prorate your contributions. To calculate the prorated maximum contribution amount, divide your annual contribution by 12 months, and then multiply by the number of months that you will be enrolled in the CDHP and not in Medicare as of the first of the month.

What happens to the money I have saved in my HSA once I enroll in Medicare?

Although you can no longer make contributions to your HSA once you enroll in Medicare, the money accumulated in your account remains yours to spend tax-free on IRS-eligible expenses. You will also be able to use the HSA funds to pay for Medicare Parts B, D, and C premiums.



If you have general questions regarding Medicare coverage, contact the KAZ Company at 216-901-9300 or [khirko@medicareplansneo.com](mailto:khirko@medicareplansneo.com).

Want more information?

If you have questions, please contact the Department of Human Resources at **440-775-8430**  
or [Human.Resources@oberlin.edu](mailto:Human.Resources@oberlin.edu).

