Enrollment Guide

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Enroll in SimplyHSA to pay less for health care expenses and save for the future.

Use **tax-free dollars** to pay for eligible health care using the savings account that stays with you.

Introduction to SimplyHSA

What is SimplyHSA?

How a Health Savings Account Works

SimplyHSA from Employee Benefits Corporation is a Health Savings Account (HSA) that can be used to pay for medical, dental, vision and other qualified health expenses now or later in life. To contribute to an HSA you must be enrolled in a qualified High-Deductible Health Plan and your contributions are limited annually. If your employer offers payroll deduction, you'll see immediate tax savings on your contributions.

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How having a standard health FSA affects your eligibility to contribute to a Health Savings Account (HSA):
If you or your spouse is enrolled in a standard health FSA under the BESTflex Plan or any other cafeteria plan, you are not eligible to contribute to SimplyHSA per IRS regulations. You would be ineligible to make SimplyHSA contributions regardless of whether the FSA is funded by your elections, employer contributions, or funds remaining as the result of a rollover.

You remain ineligible to contribute to SimplyHSA for the remainder of your FSA's plan year, even if you use all of the funds prior to the end of the plan year.

How a standard health FSA with rollover affects your ability to contribute to an HSA
At the end of the plan year, participants with the rollover feature of the standard health FSA may roll over any remaining balance up to the limit set by your employer to reimburse expenses from the new plan year.

This means you may technically still have a standard health FSA, which disqualifies you from contributing to SimplyHSA.

In order for your SimplyHSA to be active on the first day of the new plan year, you must meet one of the following criteria:

1. Your actual standard health FSA balance is $0 on the last day of the plan year before your HSA account opens
2. You are enrolled in a limited health FSA in the new plan year to enable funds to roll over into this account

Enrollment Process

1		Your **application is submitted** to our banking partner.
2		Your application is reviewed and undergoes an **identity verification.**
3		If additional information is required, you will receive an email request.
4		Once identity verification is complete, your **account is opened!**
5		You will receive a **welcome email** from Employee Benefits Corporation.
6		You will also receive a **Disclosure Notice email** from Avidia Bank.

If you exhaust your prior year standard health FSA funds after the start of the new plan year, but before the deadline to submit prior year claims (your runout period), your SimplyHSA can be activated the first day of the month following your runout period.

If you have any funds remaining in your standard health FSA after the runout period ends, you are not eligible to participate in a SimplyHSA until at least the following plan year. Check your FSA online account to ensure you spend all rollover dollars before the end of the next plan year to ensure your HSA eligibility.

How a Health Care FSA with a 2 month and 15 day grace period affects your ability to contribute to an HSA
At the end of the plan year, participants with the 2 months and 15 day grace period have the ability to incur expenses for 2 months and 15 days into the new plan year and pay with funds from the prior plan year.

This means you may technically still have a standard health FSA, which disqualifies you from contributing to SimplyHSA until the first of the month following the end of the grace period.

In order for your SimplyHSA to be active on the first day of the new plan year your standard health FSA balance needs to be $0 on the last day of the plan year before your HSA account opens. This means that all standard health FSA reimbursements must have been processed from your account before the last day of your plan.

How a standard health FSA with only runout affects your ability to contribute to an HSA
The runout period is the period of time after the end of a Health Care FSA plan year (usually 3 months) in which you may submit expenses from the previous plan year. Because the funds cannot be applied to current year expenses, you are eligible for an HSA on the first day of the plan, regardless of your remaining standard health FSA balance.

Limited Health FSA to the Rescue
If you enroll in SimplyHSA, you are eligible to enroll in a limited health FSA. This allows you the convenience to fund those more predictable dental and vision expenses on a plan year basis, and ensure HSA eligibility.

Uniform Coverage Rules
Health Care FSAs (standard health and limited health) are subject to the uniform coverage rule. This means that the full dollar amount of your yearly election is available to you for eligible expenses on the first day of the FSA's plan year.

For HSA-eligible FSAs (limited health FSA or post-deductible FSA) claims made against the FSA are paid up to the new election amount for claims eligible under that FSA.

The Full-Contribution Rule

Did you become eligible for SimplyHSA mid-way through the year by enrolling in a High-Deductible Health Plan (HDHP) part way through the tax year? If so, this special rule may apply to you and affect the amount of HSA contributions you are allowed to make.

Also known as the last-month rule, or the 13 month rule, the full-contribution rule states that individuals who are eligible on the first day of the last month of their tax-paying year can be considered eligible for the entire tax year if they maintain HSA eligibility for the 13 months following (the "testing period").

Under these circumstances, you can contribute up to the full yearly maximum for your coverage type (self or family).

Under this rule, an eligible individual is considered enrolled in the same HDHP coverage as he or she has previously been on the first day of the last month of the year (usually December 1). For example, if an individual first becomes HSA-eligible on Dec. 1, 2020, and has family HDHP coverage, then he or she can be considered an eligible individual having family HDHP coverage for all 12 months of 2020.

The full-contribution rule also applies to catch-up contributions made by eligible individuals age 55 and older who are allowed to contribute an additional $1,000 each year.

As long as coverage is maintained through the testing period, the full-contribution rule applies regardless of whether the individual was eligible for the entire year, had HDHP coverage for the entire year or had disqualifying non-HDHP coverage for part of the year. If you fail to maintain an HSA-qualified HDHP during the entire testing period, you will have to pay taxes and penalties for making an excess contribution.

- If you have single-only HDHP coverage, you can contribute the entire HSA maximum Single annual contribution amount set for the present year. If you are 55 years of age or older, you can also contribute the entire catch-up contribution of $1,000.
- If you have family HDHP coverage, you can contribute the entire HSA maximum Family annual contribution amount set for the present year (plus the entire catch-up contribution of $1,000 if you are 55 or older.)

Testing Period for Full-Contribution Rule

The testing period goes from the **last month of your tax year** until the **last day of the 12th month following that month**. For instance, December 1st, year 1 – December 31st, year 2.

If contributions were made to your HSA based on your eligibility for the entire year under the full-contribution rule, then you must remain an eligible individual during the entire testing period.

If you do not remain eligible during the testing period you must report as income the contributions made to your HSA that could not have been made apart from the full-contribution rule. You must include this amount in your income for the tax year that you fail to be an eligible individual (See IRS form 8889 Part III). This amount is also subject to an additional 10% tax.

Example: Full-Contribution Rule

Q. What happens when an individual is not eligible for an HSA for the entire testing period?

A. Chris, age 53, has family HDHP coverage as of December 1, year 1, which makes him an HSA-eligible individual. Under the full-contribution rule, he can contribute the family contribution maximum of into his HSA for year 1.

Chris drops his HDHP coverage in June of year 2, making him no longer HSA-eligible. Because he did not remain an eligible individual during the full testing period, the contributions made in year 1 that would not have been made without the full-contribution rule must be reported as part of Chris' income in year 1.

To determine this amount, use the worksheet from IRS Form 8889.