Policy Number:	5521-29	**Policy Section:**	Institutional Support
Original Effective Date:	7/1/2021	**Policy Title:**	Health Savings Account Benefit
Date Last Revised:	new, 5-4-21	**Department:**	Human Resources

Purpose:
The University provides employees enrolled in the high deductible health plan with a Health Savings Account (H.S.A.). On a year-to-year basis, the University evaluates medical insurance, the H.S.A. partner, and the amount the University plans to contribute to participationg employees' accounts. The purpose of this policy is to explain the University's provisions of this benefit.

Scope:
This policy applies to regular faculty and staff who are eligible for a Health Savings Account.

Procedure:
1.0 Bank Partner Designation
- 1.1 H.S.A. accounts established by the University become employees' personal bank accounts ensured to conform with IRS regulations for H.S.A. funding. The University has the right to identify a specific banking partner for its H.S.As. Having a single bank option for H.S.A.s allows the University to make accurate and timely transmissions of employer and employee funds on a biweekly basis. It also ensures customer satisfaction in that H.S.A. participants are served professionally and consistently under one comprehensive H.S.A. program.
- 1.2 The University has selected HealthEquity as its H.S.A. banking partner, and will have ceased funding individual employee's non-HealthEquity H.S.A. accounts, effective July 1, 2021.
- 1.3 Should the University consider making a banking partner change at a future time, this will be decided in advance of an effective date of January 1 which begins a new benefits plan year. Any changes will be preceded by an RFP and comprehensive analysis of options.

2.0 Contributions
- 2.1 Employees enrolled in the high deductible health plan in effect for the current plan year, will automatically be enrolled in a HealthEquity H.S.A. account. Upon enrollment registration done by Human Resources, HealthEquity mails notifications and information about the account to the employee's home address. This establishes a personal account for the employee.
- 2.2 On the first pay date immediately following the first of the month in which health insurance coverage takes effect, and provided the account has been activated, the University begins contributing to the employee's H.S.A. account. If the activation of the H.S.A. has not been completed in time for the first payroll contribution to be made, the University provides catch-up contributions accordingly as soon as the account is active. No contributions are made for months prior to the employee's first month of medical insurance coverage.
- 2.3 Employees receive a per-pay-prorated portion of the annual University contribution amount established each year by coverage level. For example, in 2021, an employee enrolled in the medical insurance as a single and employed through the year, will have received employer contributions totalling $400, in increments of $15.38 per pay. An employee enrolled with one or more dependents through the year will have received a total employer contribution of $800, in increments of $30.77 per pay. Employees enrolled for only a portion of the year will receive the per-pay contribution amounts through the months of their insurance coverage.

3.0 Employee H.S.A. Decisions

3.1 The employee has the right to contribute into the account, via payroll deduction on a pre-tax basis, upon provision of their authorization. To provide the authorized contribution amount(s) for each pay, the employee submits an H.S.A. Contribution Authorization Form to Human Resources by the Friday prior to the first pay date on which s/he desires contributions to begin or change.

3.2 An annual maximum contribution is established by the I.R.S. and often changes from one calendar year to the next. The maximum applies to the total contributions made by the employee and the University. Employees may make contributions to supplement scheduled employer contributions, up to the annual IRS-established limit.

3.3 An employee who has an H.S.A. account through a prior employer, or with their own bank, may choose to rollover their H.S.A. to their new HealthEquity account. This will allow them to have the University contributions, and their own pre-tax contributions, going into the same account. By contacting Cairn's H.R. department, an employee will be provided with rollover forms, and connected to HealthEquity's customer services personnel, to facilitate the rollover.

3.4 If an employee has an non-HealthEquity H.S.A., the University will make employer-only contributions to the employee's HealthEquity account. Such employee may make post-tax contributions, on their own, to their non-HealthEquity H.S.A. If choosing this option, it will be important for the employee to retain a record of their post-tax contributions, to properly claim this information as they submit their taxes for that calendar year. It should also be noted that the contributions made in total of the two accounts must not exceed the IRS-established annual maximum (see 3.2).

4.0 Exceptions and Considerations

4.1 When an employee reaches the age of 65 and become Medicare eligible, all contributions into his/her H.S.A. must cease (employee and employer). If this is not done, contributions made during the period of ineligibility must be refunded out of the Account back to the employee and employer. The refunded amounts are taxable.

4.2 Empoyees who change medical coverage with in a calendar year, from single to family, or family to single, will be able to contribute a pro-rated IRS maximum based on the months they were on one level of coverage compared to the other. Human Resources may assist with this calculation.

4.3 A Frequently-Asked-Questions document on H.S.A.s is available from the Benefit Information folder on the K Drive, as well as on the Faculty & Staff Resources Hub under HR, and Benefits. This document gives practical guidance as to how, and for what expenses, H.S.A. funds may be used.

Mary W. Boyer

President's Cabinet Member

May 4, 2021

Date