

ENROLLMENT LANGUAGE GUIDE



IMPORTANT
& *helpful*
INFORMATION



HealthEquity®

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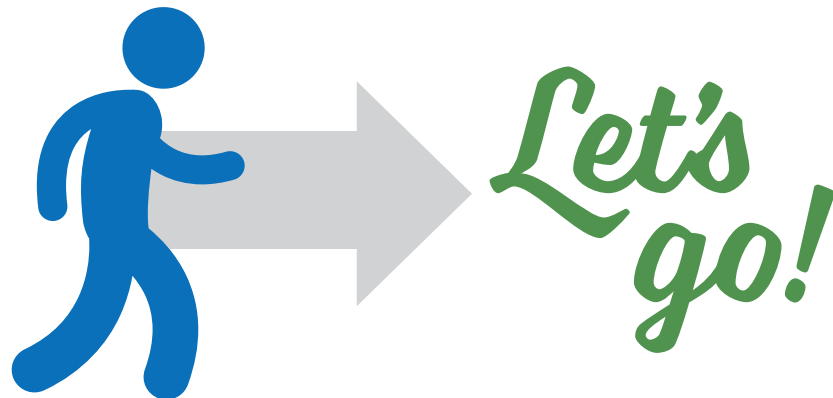
SAMPLES

Account authorization & information sharing disclosures

Enrollment in a high deductible health plan (HDHP) goes hand in hand with enrollment into a health savings account (HSA). While separate, these two components work together to achieve the optimal consumer directed experience. Once enrollment information is sent to HealthEquity, the account is automatically open. There are no additional enrollment steps or authorizations required at HealthEquity for the member to open their account.

We strongly recommend three basic disclosures that will be addressed in this document:

- 1 **Clear and conspicuous** language to disclose the sharing of information with HealthEquity
- 2 Disclosure of HSA eligibility requirements
- 3 Account authorization and certification



DISCLOSURES



Disclosures of member information to HealthEquity

The integrated HealthEquity solutions require the sharing of enrollment as well as claim information. As a result, it is recommended that sharing this information should be disclosed to the member during the health plan or benefit enrollment process and prior to the information being sent to HealthEquity. This disclosure should be a clear and conspicuous notice that informs the member that information sharing will occur. Suggested language may include:

I understand that my enrollment and health information will be shared with HealthEquity for the purpose of administering and coordinating payments under my health savings account.

HSA eligibility requirements disclosure

There are certain eligibility requirements for making contributions to an HSA. It is recommended that these basic requirements be disclosed during the health plan and account enrollment process. Suggested language may include:

To be eligible to contribute to a health savings account (HSA), you must meet the following criteria:

1. Are covered under a high deductible health plan (HDHP).
2. Are not covered under any other non-HDHP health coverage. Disqualifying examples of coverage include:
 - Medicare coverage
 - Coverage under a spouse's or parent's health insurance coverage
 - Access to a flexible spending account (FSA)
 - Access to a health reimbursement arrangement (HRA) which covers pre-deductible medical expenses
 - TRICARE coverage
3. Have not received any medical benefits (excluding dental, vision or preventative) during the previous three months from:
 - The Indian Health Service (IHS)
 - The US Department of Veterans Affairs (VA) except for treatment for a service-connected disability
4. Cannot be claimed as a dependent on someone else's tax return.

For additional detail regarding HSA eligibility requirements, see the following websites:
www.HealthEquity.com/learn/how-an-hsa-works | www.irs.gov/publications/p969

ACCOUNT AUTHORIZATION

Account authorization & certification

In compliance with the USA PATRIOT Act, HealthEquity must verify the identity of all individuals seeking to open an HSA. This process is handled once enrollment information is sent to HealthEquity. We recommend disclosing this to the member during the enrollment process. Additionally, we recommend disclosing the terms of the HealthEquity HSA Custodial Agreement. This language may include:

I accept the terms of the HealthEquity HSA Custodial Agreement available at www.HealthEquity.com/en/Site/EducationCenter/Forms.aspx. I understand that in compliance with the USA PATRIOT Act, HealthEquity must verify the identity of all individuals who seek to open an HSA. I understand that as part of this identity verification process, I may be asked to provide additional information and/or documentation before my account can be established.

LANGUAGE

HSA authorization

HealthEquity recommends the inclusion of authorization language at the time your employees enroll in their high deductible health plan (HDHP). By capturing this authorization at the point of enrollment, the employee's HSA will be automatically opened when their enrollment data is processed at HealthEquity, and no further action will be needed.

Opt-out enrollment

The verbiage below should be inserted under the HDHP option.

By selecting this option, you authorize HealthEquity to open a health savings account (HSA). In compliance with the USA PATRIOT Act, HealthEquity must verify the identity of all customers seeking to open an HSA. As part of this identity verification process, you may be asked to provide additional information and/or documentation before your account can be established.

- Check this box if you do not want an HSA opened at HealthEquity or if you are not eligible to contribute to an HSA.

Note: This option requires the ability to store who should have an HSA and who should not. Only participants who did not select the opt-out box should be sent on the enrollment file to HealthEquity.

Note: Employees have the right to open an HSA anywhere they choose however an employer has the right to restrict who they are willing to make payroll contributions to. Most employers state they will only make contributions to their preferred HSA administrator due to the burden of managing contributions to multiple different HSA administrators.

LANGUAGE (CONT.)

HSA eligibility

There are multiple options for including this authorization and we strongly recommend HSA eligibility language is included at the point of enrollment. At minimum, the eligibility requirement language should be included within the open enrollment material. Suggested language may include:

To be eligible to contribute to a health savings account (HSA), you must meet the following criteria:

1. Are covered under a high deductible health plan (HDHP).
2. Are not covered under any other non-HDHP health coverage. Disqualifying examples of coverage include:
 - Medicare coverage
 - Coverage under a spouse's or parent's health insurance coverage
 - Access to a flexible spending account (FSA)
 - Access to a health reimbursement arrangement (HRA) which covers pre-deductible medical expenses
 - TRICARE coverage
3. Have not received any medical benefits (excluding dental, vision or preventative) during the previous three months from:
 - The Indian Health Service (IHS)
 - The US Department of Veterans Affairs (VA) except for treatment for a service-connected disability
4. Cannot be claimed as a dependent on someone else's tax return.

For additional detail regarding HSA eligibility requirements, see the following websites:

www.HealthEquity.com/learn/how-an-hsa-works | www.irs.gov/publications/p969



ESTABLISHMENT

Language for establishment of an HSA

The IRS has indicated that only qualified medical expenses incurred after a health savings account (HSA) is established are qualified to be paid from the account (IRS Publication 969). Medical expenses incurred before an HSA is established are not qualified to be paid from the account. Because of this, it is important for new HSA owners to understand how the establishment date is determined.

Establishment dates for HSA's are governed by state laws rather than federal laws (IRS Notice 2008-59 Q&A-38). A HealthEquity HSA is a trust that is created in the state of Utah.

Utah trust laws

Utah state code specifies that “A health savings account is established on the first day an individual is covered by a high deductible health plan, as defined in Section 223 of the Internal Revenue Code. The health savings account shall be opened with a trustee or custodian within the time prescribed by law, without extensions, for filing a federal income tax return for that year. A health savings account is established regardless of a transfer of cash or other property to the account and, unless required by the trustee or custodian, it is not necessary for any party to sign a health savings account trust or custodial agreement regarding the health savings account.” (Utah Code §75-7-401 (2))

Thus, although an individual is not eligible to contribute for a particular month under the Federal tax codes, it does not affect his/her ability to establish an HSA under Utah state laws. An account holder can then take distribution at any time for qualified medical expenses paid after the establishment of the HSA (IRS Notice 2004-50 Q&A-39).

Contributions to an HSA

A health savings account, paired with an HSA-qualified health plan, allows you and your employees to make pre-tax contributions to an FDIC-insured account that can be used to pay for qualified medical expenses. Contributions made by you or your employees through payroll deductions result in FICA and income tax savings.

The following language should be included under any contribution information:

- HSAs are never taxed at a federal income tax level when used appropriately for qualified medical expenses. Most states recognize HSA funds as tax-free with very few exceptions. Members should consult a tax advisor regarding their state's specific rules.
- It is the member's responsibility to ensure eligibility requirements as well as if they are eligible for the plan and expenses submitted. One should consult a tax advisor as individual factors and situations vary.

Annual HSA contribution limits					
2019	Coverage type	Total annual contribution	2020	Coverage type	Total annual contribution
	Self-only	\$3,500		Self-only	\$3,550
	Family	\$7,000		Family	\$7,100



CONTRIBUTIONS

State rules regarding HSA contributions

As stated above, most states recognize HSA funds as tax-free with very few exceptions. A list of state rules is listed below. Consult a financial advisor or state department of revenue for more information.

Eligible HSA contributions are not taxed by these states

Arizona	Iowa	Missouri	Pennsylvania
Arkansas	Kansas	Montana	Rhode Island
Colorado	Kentucky	Nebraska	South Carolina
Connecticut	Louisiana	New Mexico	Utah
Delaware	Maine	New York	Virginia
Georgia	Maryland	North Carolina	Vermont
Hawaii	Massachusetts	North Dakota	West Virginia
Idaho	Michigan	Ohio	Wisconsin
Illinois	Minnesota	Oklahoma	
Indiana	Mississippi	Oregon	

States with no income tax – eligible HSA contributions are not taxed

Alaska	Nevada	Tennessee	Washington
Florida	South Dakota	Texas	Wyoming
New Hampshire			

Eligible contributions are taxed by these states

Alabama	California	New Jersey	
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ENROLLMENT



Automatic enrollment language

The following paragraph should be inserted under the HDHP option:

By selecting this option, you authorize a health savings account (HSA) to be opened at HealthEquity. In compliance with the USA PATRIOT Act, HealthEquity must verify the identity of all customers seeking to open an HSA. As part of this identity verification process, you may be asked to provide additional information and/or documentation before your account can be established.

Note: If this option is used, we strongly encourage the inclusion of the HSA eligibility requirement language noted at the beginning of this document. Very few employees are not eligible to have an HSA, however, if an employee is not eligible and they contribute to an HSA, they will be subject to income tax and IRS penalties for contributing to an HSA when they were not eligible.

For additional detail regarding HSA eligibility requirements, see the following websites:

www.HealthEquity.com/learn/how-an-hsa-works

www.irs.gov/publications/p969/

Language when disclosures are not shared during enrollment

It is NOT recommended that these disclosures occur after information has already been shared with HealthEquity. Should the circumstance arise where these disclosures cannot be shared at the point of enrollment, we suggest notification be sent via letter or email that health information has already been shared with HealthEquity.

Additional enrollment and contribution notices will be included.

Integrated claim authorization

Healthcare claim information can be shared with HealthEquity for HSA account holders and their dependents. The benefits of claim integration include the ability to make online payments using the HealthEquity member portal and access to an archive of medical expenses. We recommend that this information is shared during the health plan or benefit enrollment process and prior to the information being sent to HealthEquity. Suggested language may include:

I acknowledge that by selecting a HealthEquity HSA, I authorize my health plan and other medical, dental and vision providers to provide claim information for myself and all dependents to HealthEquity. I understand that I may be required to submit a HIPAA Release Form to view detailed claim information for my dependents in the HealthEquity member portal.



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Nothing in this communication is intended as legal, tax, financial or medical advice. Always consult a professional when making life changing decisions. In addition to restrictions imposed by law, your employer may limit what expenses are eligible for reimbursements. It is the members' responsibility to ensure eligibility requirements as well as if they are eligible for the plan and expenses submitted.