



HEALTH SAVINGS ACCOUNT

Administration Reference Manual



ConnectYourCare (CYC) Resources

CYC RESOURCES

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ONLINE: connectyourcare.com/etfemployers

CYC EMPLOYEE RESOURCES

Customer Care Center

PHONE:	833-881-8158
HOURS	24 hours a day, 7 days a week
CHAT:	24 hours a day, 7 days a week
CLAIMS MAILING ADDRESS:	Claims Department P.O. Box 622317 Orlando, FL 32862-2317
FAX:	443-681-4602
EMAIL:	service@connectyourcare.com
ONLINE:	connectyourcare.com/etf

State of Wisconsin Department of Employee Trust Funds

ETF WEBSITE: <http://etf.wi.gov>

Keep this booklet for your reference throughout the plan year.

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General Information

A Health Savings Account (HSA) allows account owners to pay for current health care expenses and save for future expenses. This tax-advantaged investment vehicle is unique in that it offers three separate tax benefits:

- Pre-tax payroll contributions
- Tax-free earned interest on investment funds
- Tax-free distributions for qualified expenses

With an HSA, participants can contribute funds into an HSA via pretax payroll contributions to pay for qualified health care expenses. The funds are held in a custodial account until a qualified health care expense is incurred, at which point funds can be withdrawn from the account, or the participant may directly access funds with the CYC payment card.

Unlike a Flexible Spending Account (FSA), there is no use-it-or-lose-it rule. Unused balances at the end of the plan year are retained in the account and carried over to subsequent plan years. Funds in a participant's account belong to the participant and are portable: they stay with the participant even if they terminate employment. Expenses can be reimbursed as long as they were incurred after the HSA was opened and can be reimbursed at any time.

And finally, an HSA allows participants to invest in their future! When an HSA balance exceeds a minimum of \$1,000, those excess funds may be transferred to an HSA Investment Account to be invested in our top-rated mutual funds—where earnings grow tax-free.

SECTION CONTENTS

Plan Summary and Eligibility

HDHP Requirements

Health Savings Accounts (HSAs)

Flexible Savings Accounts (FSAs)

Plan Summary and Eligibility

An HSA is established by an eligible individual to pay for qualified health care expenses incurred by the eligible individual and any dependents.

- State employees, except those who are eligible for the graduate assistant/short term academic staff benefits package and are not in the Wisconsin Retirement System, are eligible to participate.
- Limited Term Employees (LTEs) who are eligible for the State of Wisconsin Group Health Insurance Program are eligible to participate.
- Retirees younger than age 65 are eligible to participate.

To enroll in an HSA, participants must be enrolled in a qualified It's Your Choice (IYC) High Deductible Health Plan (HDHP). In addition:

- They cannot have any other health coverage (except for permitted coverage) that pays for out-of-pocket health care expenses before they meet their plan deductible, including Medicare A and B.
 - They cannot be covered by TRICARE, or have accessed their Veterans Administration (VA) benefits in the past 90 days (to contribute to an HSA). Exceptions may apply.
 - They cannot be claimed as a dependent on another person's tax return (unless it's their spouse).
 - They (and their spouse) cannot have a Health Care FSA in the same year.
- NOTE:** They must notify their human resources/benefits office of any other medical coverage when enrolling in, and at any point while enrolled in, the HDHP and HSA.

HDHP Requirements

HSAs are only available to employees who are enrolled in one of the IYC HDHPs. The Department of Employee Trust Funds (ETF) offers two HDHPs, and both meet all of the IRS's HDHP requirements. If an employee enrolls in a IYC HDHP, they **MUST** participate in the HSA. For more information on the State of Wisconsin HDHPs, please reference the [It's Your Choice website](#).

Health Savings Accounts (HSAs) and Flexible Savings Accounts (FSAs)

Only under certain circumstances may a participant establish and fund an HSA in addition to funding a Limited Purpose Flexible Spending Account (LPFSA). Both accounts may be funded as long as the benefits being reimbursed through the Limited Purpose FSA are limited to benefits or costs not covered by the HDHP itself. For example, if the HDHP does not cover dental or vision expenses, the LPFSA may be established to reimburse only dental and vision expenses.

Additionally, an LPFSA may be used for post-deductible expenses. ETF and CYC do not track an individual's deductible or the amount remaining within a deductible. It is up to the participant to track their deductible and remaining amount. Participants are responsible for compliance with this regulation. Once they have met their deductible, they should complete and return the [Deductible Met Form](#) with the applicable documentation, such as a copy of their EOB (Explanation of Benefits), that proves that they have satisfied their deductible (applies to all such requests).

For participants who have both an HSA and an LPFSA, they will receive **one** CYC payment card which can be used for **both** benefits. This is possible because each benefit account has its own “purse” on the card. The CYC card is smart enough to know from which purse to pay for expenses based upon the merchant where a participant is paying for the product or service. It recognizes the provider’s ID, called a merchant category code (MCC). If a participant goes to the dentist and swipes their CYC card, the card will pull funds from the LPFSA purse because that is the account for dental and vision expenses. If the participant is at the pharmacy, the CYC card will pull funds from the HSA purse. An important note:

- If a participant swipes their CYC card at a dental or vision provider and the expense is more than the LPFSA available balance, the CYC card is smart enough to pull the remaining amount from the HSA purse. The participant will not need to swipe the CYC card twice.
- If a participant submits a form to request reimbursement, the funds will be deducted from the account based on the form submitted. There are separate forms for the LPFSA and the HSA accounts. If an expense should be split between the two accounts, then two forms will need to be submitted specifying the amount to reimburse from each.

Plan Contribution and Limits

Enrollment Eligibility

The contributions for an HSA through a Section 125 Plan are not subject to federal and state (some states may vary) income tax and FICA. These contributions are made via payroll deduction.

Contributions are deducted from payroll on a pre-tax basis throughout the plan year and deposited into a CYC HSA. Participants may also make post-tax contributions to their HSA at any time in addition to pre-tax payroll contributions (please refer to the HSA Contributions section). However, participants should ensure total annual contributions do not exceed annual limits set by the IRS. In the event participants do exceed their maximum contribution, please see the Exceeding Contribution Limits section of this guide.

Contributions to the CYC HSA are subject to annual limits set by the IRS. View current limits in the chart below.

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Enrollment Eligibility

How to Determine Maximum Contributions

Catch-Up Contribution

Special Rule for Married Individuals

Who Can Make Contributions?

No Use-It-or-Lose-It Rule

	2020	2021
Health Savings Accounts (HSAs)		
HDHP Min Annual Deductible - Single	\$1,400	\$1,400
HDHP Min Annual Deductible - Family	\$2,600	\$2,800
HDHP Out of Pocket Max - Single	\$6,900	\$7,000
HDHP Out of Pocket Max - Family	\$13,800	\$14,000
HSA Max Contribution Limit - Single	\$3,550	\$3,600
HSA Max Contribution Limit - Family	\$7,100	\$7,200
HSA Catch-Up Contribution Limit	\$1,000	\$1,000

How to Determine Maximum Contributions

Maximum annual contributions are determined by adding together monthly contribution limits for the year:

- The monthly contribution limit is determined on the first day of each month that a participant is eligible.
- A monthly contribution limit is 1/12 of the annual contribution limit based on health plan coverage (self-only or family) for each month.

However, if a participant is HSA-eligible on December 1 of any given taxable year, they can be treated as an eligible individual for the full year and make a full year's worth of HSA contributions, based upon the type of HDHP coverage (i.e., self-only or family) they have on December 1. Please note, a testing period applies if using this method. The testing period begins with the last month of the contribution year, December 1, and ends on the last day of the 12th month following (13 months).

If they do not continue to be an eligible individual for the entire testing period (for reasons other than death or disability), the difference between their monthly determined maximum and the amount they contributed is includable in their gross income for the year of failure and is subject to a 10% penalty tax.

NOTE: It is the responsibility of the participant to maintain eligibility status and appropriate records. The HSA is their account that they take with them. The employee reports Form 8889 to the IRS to provide the data regarding their contribution amounts. A tax professional would need to address any instance where a participant is outside of the contribution limits for tax implications and penalties.

Catch-Up Contribution

Eligible individuals who are age 55 or older at the end of the tax year have their annual contribution limit increased by \$1,000. Catch-up contributions can be made any time during the year in which the HSA participant turns 55. Unlike other limits, the HSA catch-up contribution amount is not indexed (meaning that it does not fluctuate based on indicators). The only way the limit can or would change is if there was a legal update to the regulations, a statutory change.

CYC's HSA recognizes a participant's age based upon date of birth (which is already in place upon the setup of the HSA) and automatically adjusts the limit for those individuals who are already 55 or older.

Special Rule for Married Individuals

Married individuals with family coverage must divide their annual HSA contribution limit equally between each other unless they agree upon a different division. For example, if either spouse has HDHP family coverage, both spouses are treated as having family coverage and their combined maximum contribution limit is the statutory HSA contribution limit for family coverage. When both individuals have self-only coverage, the amount is not divided, and each individual can contribute the statutory HSA contribution limit for self-only coverage.

The catch-up contribution is excluded from this rule and if each spouse is eligible for a catch-up contribution they can each contribute up to \$1,000. The catch-up contribution cannot be combined or divided and must be contributed to the account of the individual eligible for the catch-up contribution.

Who Can Make Contributions?

Contributions to an HSA may be made by a participant, the employer, or anyone else who chooses to contribute on the participant's behalf. All contributions to an HSA are counted towards the annual contribution maximum and the participant receives the tax benefit, regardless of who makes the contribution. If a participant has two HSAs, the contributions are combined in determining their annual contribution. Contributions to an HSA may be made until April 15 for the prior calendar year (please refer to the HSA Contributions section).

No Use-It-Or-Lose-It Rule

Unused HSA funds are not forfeited at the end of the plan year; instead, they roll over from year-to-year. As the account owner of the HSA, the participant owns the funds in the account. In addition, if a participant moves from one employer to another, the contributions are not lost; they are portable.

FAMILY COVERAGE

If either spouse has HDHP family coverage, both spouses are treated as having family coverage and their combined maximum contribution limit is the statutory HSA contribution limit for family coverage.

CONTRIBUTION DEADLINE

Contributions to an HSA may be made until April 15 for the prior calendar year.

Eligible Expenses

CYC HSA funds are applicable for eligible expenses, including:

- Medical/Dental office visit copays
- Dental/Orthodontic care services
- Eye exams and prescription glasses/lenses
- Prescriptions
- Vaccinations

Please see [HSA Eligible Expenses](#) for a more complete list of eligible expenses.

It is important to point out that once a participant reaches the age of 65, they may use HSA funds to pay for Medicare parts A, B, and D as well as Medicare HMO premiums tax-free and penalty-free. However, HSA funds may not be used to pay for Medigap insurance premiums at any time.

Enrollment Information

How Your Employee Can Get Started

1. Your employee should read HSA reference material available on the ConnectYourCare ETF microsite (www.connectyourcare.com/etf) to understand how the CYC HSA plan works.
2. They can refer to CYC's List of HSA Eligible Expenses to find out which expenses are eligible for distribution.
3. Your employee should determine their annual election based on their estimated health care costs for the upcoming plan year and the annual contribution limit for the plan. Remember, unused funds roll over into the next plan year!
4. Your employee can then enroll in a CYC HSA plan (please refer to the Enrollment Information section). Once enrolled, an HSA custodial account is opened at CYC (upon successful completion of identity verification; please refer to the Customer Identification Program section).
5. Your employee will receive notification from CYC that the account setup is received and when it is complete. At that time, the CYC HSA account will begin to accept contributions and the participant is free to access available HSA funds to pay for qualified health care expenses.
6. Your employee will receive their CYC payment card in the mail at their home address within 7–10 business days of enrollment (they should watch for a plain white envelope). If your employee is a current participant, they will not be issued a new CYC card. They will continue to use their current CYC card.
7. Your employee can log into their account using the myCYC mobile app and the ConnectYourCare website to access their benefits.

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- UW System Employees
- State of Wisconsin & Legislature
- UW Hospitals & Clinics Employees
- WEDC Employees
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- Beyond Vision Employees
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- Newly Hired/ Eligible Employees
- Decrease Election or Cease Participation
- Qualifying Life Event
- Enrollment Effective Date

Open Enrollment Dates

Open enrollment dates and materials are updated prior to each annual open enrollment period.

Enroll During It's Your Choice

NOTE: If an employee is already enrolled in an HSA, they must re-enroll each year to continue participation. **Enrollments do not carry forward from year to year.**

UW System Employees

UW System employees should refer to www.wisconsin.edu/ohrwd/benefits or contact their UW institution human resources department for enrollment instructions.

State of Wisconsin & Legislature Employees

State of Wisconsin and Legislature employees who are paid through the STAR System should log in to STAR at ess.wi.gov to make all benefits elections during the annual It's Your Choice period. They should contact their agency payroll and benefits staff with any enrollment questions.

UW Hospitals and Clinics (UWHC) Employees

UWHC employees should contact their HR or benefit staff for enrollment instructions.

Wisconsin Economic Development Corporation (WEDC) Employees

WEDC employees should visit www.connectyourcare.com/etf and refer to the Participant Online Enrollment Guide for instructions or contact WEDC human resources for enrollment instructions.

Wisconsin Housing & Economic Development Authority (WHEDA) Employees

WHEDA should visit www.connectyourcare.com/etf and refer to the Participant Online Enrollment Guide for instructions or contact WHEDA human resources for enrollment instructions.

Beyond Vision Employees

Beyond Vision employees should contact their HR or benefits staff for enrollment instructions.

Fox River Navigational Systems Authority (FRNSA) Employees

FRNSA employees should contact their HR or benefits staff for enrollment instructions.

Retirees

To enroll, retirees must obtain the HSA Enrollment Form from the ConnectYourCare ETF employee website (www.connectyourcare.com/etf) and complete and return the form to the ETF Retiree Health Insurance Unit using one of the following methods during the IYC Open Enrollment Period.

1. **Postal:** Mail to ETF Retiree Health Insurance Unit, P.O. Box 7931, Madison, WI 53707-7931
2. **Fax:** 1-608-226-5535
3. **Email:** RetireeHealth@etf.wi.gov

NOTE: If they are already enrolled in an HSA they must re-enroll each year to continue participation. Enrollments do not carry forward from year to year.

Following Enrollment

Once participants have enrolled in the HSA, CYC will send these items to them:

Enrollment Confirmation Email

Important: All communications regarding a participant's accounts will be sent to the email address listed in their online account. Participant's should make sure their email is always up to date. They can add or change their email at any time by logging into their account and selecting Settings & Preferences from the dropdown menu under their name.

Email subject: Welcome, Your ConnectYourCare HSA is Now Active

Dear <Employee's First Name>

Welcome! Your ConnectYourCare Health Savings Account (HSA) has been successfully opened!

You will receive your HSA Welcome Package in the mail shortly. Your account information is available on the myCYC mobile app or online at www.connectyourcare.com/etfemployees.

Here are a few quick tips for you to get the most out of your account:

- **Go Green!** Save time, money, and paper by logging in to your account and opting in to receive your statements and other notices electronically.
- **Take your HSA with you.** Download the myCYC mobile app from your app store for account access anytime, anywhere.
- **Set up direct deposit.** Make reimbursements even easier by linking your HSA to a personal savings or checking account.
- **Plan for the future.** Set up your beneficiaries in your online account.

We're excited to bring you a convenient way to save.

Sincerely,

Customer Care Center

833-881-8158

24 hours a day, 7 days a week

NOTE: THIS IS A SYSTEM GENERATED EMAIL. PLEASE DO NOT REPLY TO THIS EMAIL.

HSA Welcome Packet

- The HSA Welcome packet will provide more information on how to access their HSA, as well as legal disclosures and terms and conditions
- Participants can use CYC's mobile app, myCYC, or their online account to check their balance, make additional contributions, transfer funds to an investment account, or request a distribution.

CYC Payment Card

General Information

The convenient CYC payment card makes it easy to pay for eligible health care and/or parking expenses (as defined by the Flexible Spending Account and IRS guidelines). Because it is a payment card, when participants use it to pay eligible expenses, funds will automatically be deducted from their accounts.

CYC Card Advantages

- Instant reimbursements for health care and parking expenses.
- Instant approval of most prescription expenses as well as some health care, dental, and vision expenses.
- No out-of-pocket expenses.
- Easy access to funds.

Receiving the CYC Payment Card

When participants enroll in a Health Savings Account, they are sent a CYC payment card, which is good for five years. New cards are mailed during the first two weeks of the month that the old cards expire.

The CYC payment card will need to be activated by calling the number shown on the sticker affixed to the card, unless the new card is replacing a previously activated card and has the same card number. In that case, there will not be an activation sticker affixed to the card.

To activate the card, participants will need to dial the activation number on the card and will be prompted to provide:

- The full card number
- The month and year of the account holder's birthday in the following format: MM/YY
- The zip code on the account

Participants are not required to use the CYC payment card, but it does offer the most convenient payment experience. Participants may opt instead to submit claims via mail, fax, CYC online account, or the CYC mobile app.

Participants may request additional CYC payment cards for a spouse or any dependents within their online portal. There is no charge for these dependent cards.

Additional cards ordered for a family member will have the same card number as the participant's

original card. If the original card has already been activated, no additional activation is required. Replacement cards and additional cards will not have a sticker with activation instructions. If the card is reported lost/stolen, the new card will have a new card number and will need to be activated. New cards requiring activation will have a sticker with activation instructions.

If a CYC payment card has a misspelling or participant's name has changed, the participant should contact their Payroll/Benefits Office who can work with CYC to update the information and request a new card.

Lost/Stolen CYC Payment Card and Fraudulent Charges

Participants should immediately report a lost/stolen card via their CYC online account or by calling CYC Customer Care. Participants should call CYC Customer Care immediately if they identify fraudulent charges. This action deactivates the CYC card to prevent fraudulent charges. Participants can review recent CYC payment card transactions to identify any fraudulent charges and should contact CYC Customer Care to assist with reporting the transactions as fraudulent.

Undeliverable/Change of Address CYC Cards

If a mailed CYC payment card is returned as undeliverable or with a yellow change of address sticker by the USPS, Fiserv will review the participant's account and follow the below process:

- If a new address is on file, Fiserv will update the card and resend it to the participant
- If no address update is available, Fiserv will hold the card for 30 days pending an address update and will re-mail the card to the updated address
- If no address is received after 30 days, Fiserv will destroy the card
- If the account as Mailing Address is Undeliverable in CYC and a new address is received, the CYC system will generate a new card to be mailed

Undeliverable/Temp Away CYC Cards

If a mailed CYC payment card is returned as undeliverable or with a yellow change of address sticker by the USPS, Fiserv will review the participant's account and follow the below process:

- Card is marked temp away for 30 days
- Card is re-mailed to address on file after 30 days

Using the CYC Payment Card

CYC Payment Card Purchases

CYC payment card purchases are limited to account type (Health Savings Account) and to merchants with an inventory information approval system (IIAS) in place to identify Health Savings Account-eligible purchases. Qualifying merchants may include doctors, dentists, vision care facilities, and parking facilities. When participants swipe the card, the inventory system automatically approves the purchase of eligible items and deducts the amount from the appropriate account. If a participant uses the CYC payment card at a merchant that does not have IIAS, the transaction will decline.

Participants can use the CYC payment card to pay for billed health care expenses, such as coinsurance, if the provider accepts Visa payments. The participant simply enters the CYC payment card number as payment on the bill and returns it to the provider. (The provider's expense and payment must incur in the same plan year.)

The amount of the billed expense deducts from the participant's Health Savings Account. The reimbursement request must include a copy of documentation that substantiates the health care expense. For details, see the [Substantiation](#) section.

Over-the-Counter (OTC) Purchases

Participants may use the CYC payment card to purchase hundreds of OTC health care items. Examples include bandages, cough and cold treatments, contact lens solutions, feminine care products, nasal strips, pain relievers, pregnancy tests, reading glasses, etc.

CYC Payment Card Declines

Participants may use the CYC payment card to pay for Health Savings Account-eligible expenses only, incurred at eligible IIAS merchants only. The card may be declined in some situations.

If the CYC payment card declines, the participant should simply pay the expense out of pocket and submit a claim via the employee portal, myCYC mobile app, or using the appropriate claim form to send or fax to CYC.

WHAT'S MY BALANCE?

Check your account balance via the myCYC mobile app or CYC online account.

SAME YEAR...

The provider's expense and payment must incur in the same plan year.

CYC Payment Card Declines: Reasons and Solutions	
Explanation of Decline	Solution
INSUFFICIENT FUNDS	
At point of purchase, the CYC payment card automatically checks participant's account balance to ensure funds are adequate to cover the entire purchase. If the purchase exceeds the account balance, participant's CYC payment card will be declined.	Participant asks the merchant to deplete the card's account balance and pays the difference out of pocket. OR If account balance is \$0 or participant is unable to check balance, they should use another form of payment for the expense.
INELIGIBLE EXPENSE	
At point of purchase, the CYC payment card automatically checks for eligible expenses based on participant's plan type. Example: participant is purchasing a prescription and a gallon of milk. The CYC payment card pays for the prescription and the merchant will request another form of payment for the milk.	Participant uses another form of payment for the ineligible expenses.
EXPENSES INCURRED OUTSIDE OF PLAN YEAR OR COVERAGE PERIOD	
At the point of purchase, the CYC payment card automatically checks participant's eligibility dates to ensure that the expense is incurred during their coverage period. If the purchase is outside of the coverage period or plan year, the CYC payment card will be declined.	Participant uses another form of payment for the ineligible expenses. If the service date of the expense was incurred during their coverage period or plan year, participant submits a request for reimbursement. CYC provides check or direct deposit reimbursements within 48–72 hours of approval.
INACTIVE CARDS DUE TO UNSUBSTANTIATED CLAIM > 90 DAYS OLD	
<p>Within 90 days of a transaction, participant must submit required substantiation documentation. Otherwise, the unsubstantiated Flex Spending Account claim will be denied, repayment will be requested, and the CYC payment card will be suspended until CYC receives repayment or required substantiation.</p> <p>If the participant attempts to use the CYC payment card when it is inactive it will decline.</p> <p>Finally, if participant fails to repay the claim or provide necessary documentation, the State of Wisconsin will withhold the claim amount from their paycheck.</p>	<p>Three Steps:</p> <ol style="list-style-type: none"> 1.) Participant uses another form of payment to pay the expense. 2.) Participant submits documentation for the unsubstantiated claims. 3.) Participant submits a request for reimbursement.

For more information about CYC payment card declines, contact the CYC Customer Care team.

Rescinding Election

Participants may request to rescind their enrollment election(s) **prior to their January 1 effective date** by sending a completed Election Rescind Request Form to the Payroll/Benefits Office. Upon receipt of their request to rescind their election(s), the Payroll/Benefits Office should communicate all approved changes to ConnectYourCare via the census, enrollment, and contribution files.

Late and Mid-Year Enrollment Appeal Process

All enrollments must be received during the open enrollment period. If employees experienced unforeseen circumstances that impeded their ability to enroll during open enrollment, they can file an appeal for consideration.

Late enrollment appeals must be received **no later than January 31** and must be requested via the late enrollment process. After open enrollment ends, and prior to the start of the new plan year, any new enrollments must be requested via the enrollment appeal process.

Mid-year enrollment appeals are received **after January 31** and must be requested via the mid-year enrollment appeal process.

Late and mid-year enrollment appeals are submitted by the Employer Benefits Specialist or Payroll Benefits Staff to etfsupport@connectyourcare.com.

CYC requires the following information to process the appeal:

- A completed and signed appeal request form.
- A formal letter including circumstances impeding the enrollment during the open enrollment timeframe. (Proof of impediment must be included with documentation.)
- Completed enrollment form(s). Forms are available at <https://www.connectyourcare.com/m/etfemployees/forms/>.
- Documentation provided by the employee that supports their request; the appeal request form outlines the documentation items listed under each request reason.

The information noted above should be provided via secure email to etfsupport@connectyourcare.com.

Once CYC has reviewed the materials and a decision is made, CYC will notify the employers and employees of the appeal decision.

Enrollment appeal determination letters are mailed to the employees, and CYC emails the decision to their Payroll/Benefits Office, where they will update, as necessary, payroll and other systems, as well as census, enrollment, and contribution files provided to CYC.

Enrollment Effective Date

For participants who enroll during open enrollment, coverage begins with the start of the new plan, January 1. The first contribution will be made via payroll deduction from the participant's

PARTICIPANTS WHO ARE REQUESTING AN ENROLLMENT APPEAL should follow the late or mid-year process, dependent on the date they are filing the appeal.

first paycheck in the new plan year. Their coverage will be effective on the first of the month on or following their eligibility date. For more information and enrollment instructions, employees should contact their payroll/benefits office.

Once a participant has established their HSA they should log into their employee portal, www.connectyourcare.com/etf, to designate beneficiaries.

Mid-Year Enrollment

Newly Hired/Eligible Employees

To enroll in the HSA program, employees must submit an Enrollment Form within 30 days following date of hire/eligibility.

These steps are completed by the employee:

1. Employee determines the amount to contribute for the remainder of the plan year following their effective date of coverage. You may need to assist the employee in determining the number of paychecks remaining in the year.
2. Employee completes an HSA Enrollment Form or may need to enroll through your benefits enrollment system.
3. Employee returns the completed Enrollment Form to the Payroll/Benefits Office.

These steps are completed by the Payroll/Benefits Office:

1. The Payroll/Benefits Office reviews the form and verifies accuracy of the number of paychecks remaining in the plan year and the date coverage begins.
2. Once verified, the enrollment is added to the agency's payroll/ eligibility file.
3. Payroll/Benefits Office uploads file to the CYC FTP site.

These steps are completed by CYC:

1. Employee/participant account is updated or added to CYC system.
2. CYC processes the participant's enrollment and sends participant an HSA Welcome Packet via email.
 - Participants should set up their online account at www.connectyourcare.com/etf, and download the mobile app, myCYC, for easy access and additional information regarding their benefit accounts.
 - Participants should also provide CYC with a personal email address to ensure delivery of important notifications regarding their benefit accounts. From their account homepage, participants can select Settings & Preferences from the dropdown menu under their name to add and update their contact information and communication preferences.
3. CYC cards are mailed, if applicable, to the participant's home address 7-10 business days after participant receives enrollment confirmation.

Important: Once a participant has established their HSA they should log into their employee portal, www.connectyourcare.com/etf, to designate beneficiaries.

RECEIVE IMPORTANT COMMUNICATIONS

CYC encourages participants to update their personal settings to include a personal email address.

Change of Election Due to Qualifying Event

If a participant experiences a qualified life change event, such as a marriage or divorce, birth or adoption of a child, a change in employment status, or another qualified life change event, they may have the opportunity to enroll or change their coverage outside of the open enrollment period. There are various rules related to life change events. They must enroll or make changes within 30 days from the date of the qualifying event.

Participants should contact their human resources/benefits office for more information on qualifying events, to see what their options are, how to enroll, and how to make a change.

Mid-Year Enrollment Effective Date

If participants enroll within 30 days following their hire date, the coverage will be effective on the first of the month on or following the participant's eligibility date. Only eligible expenses for services provided to the participant or their eligible dependents on or after this effective date are reimbursable. The first contribution will be made via payroll deduction from the first available paycheck after coverage start date.

The date of the first deduction will reflect payroll cutoff dates as well as the date the Enrollment Form or Change of Election Form arrives at the Payroll/Benefits Office. The first deduction will occur after the coverage start date.

These steps are completed by the employee:

1. Employee determines the amount to contribute for the remainder of the plan year following the effective date of coverage. Due to change in status event, you may need to assist the employee in determining the number of paychecks remaining in the year.
2. Employee completes an Employee HSA Enrollment Form and/or Change of Election Form.
3. Employee returns completed form and any additional required documentation to the Payroll/Benefits Office.

These steps are completed by the Payroll/Benefits Office:

1. The Payroll/Benefits Office reviews the information and verifies accuracy of the effective date of the change and first payroll affected by the change.
2. Once verified, the Payroll/Benefits Office updates their HRIS/payroll system.
3. The change adds to the agency's payroll/eligibility file.
4. Payroll/Benefits Office uploads file to CYC FTP site.

These steps are completed by CYC:

1. Employee/participant account is updated or added to CYC system through the automated file process.

COVERAGE PERIOD CHANGE IN STATUS

A mid-plan year election change will result in split periods of coverage.

Any funds balance from a previous period of coverage can combine with amounts contributed after a permitted mid-plan year election change and can be used through the plan year end.

Conversely, any expenses incurred before the permitted election change can be reimbursed only up to the annual election amount in effect prior to the change.

2. CYC processes the participant's enrollment and sends participant an HSA Welcome Packet via email. Access to the participant's CYC online account and their CYC payment card does not change.

OR

If the Change of Election resulted in a new HSA enrollment with CYC, a CYC HSA Welcome Packet is sent to the participant via email. We also encourage employees to provide CYC with a personal email address to ensure delivery of important notifications regarding their benefit accounts.

3. CYC payment cards are mailed, if applicable, to the participant's home address 7-10 business days after the participant receives their enrollment confirmation.

Decrease Election or Cease Participation

Employees may opt to decrease their election or cease participation in the HSA. To do so, they must submit a Change of Election Form within 30 days following a change in status qualifying event (divorce, death, or a change in employment status). The process for submitting a decrease in election/cease participation follows.

These steps are completed by the employee:

1. Employee determines the amount to contribute for the remainder of the plan year following the effective date of the qualifying event. You may need to assist the employee in determining the number of paychecks remaining in the year.
2. Employee completes a Change of Election Form.
3. Employee returns completed forms and any additional required documentation to the Payroll/Benefits Office.

These steps are completed by the Payroll/Benefits Office:

1. The Payroll/Benefits Office reviews the information and verifies accuracy of the effective date of the change and first payroll affected by the change.
2. Once verified, the Payroll/Benefits Office updates the HRIS/payroll system.
3. The change adds to the agency's payroll/eligibility file.
4. Payroll/Benefits Office uploads file to CYC FTP site.

These steps are completed by CYC:

1. Employee/participant account updates at CYC.
2. CYC processes the participant's change in election.

If a participant terminates, their HSA will be transitioned to an orphan account. This means their HSA will no longer be administered as part of the employer's plan and will become an individual HSA. They will be responsible for paying a monthly administrative cost for their HSA. Upon termination from employer coverage, the participant will receive a letter from CYC informing them of their HSA orphan status.

If a participant would like to close their CYC HSA, they should complete the ConnectYourCare Account Closure Form. By closing their HSA, participants are no longer eligible for the employer's HDHP. CYC will deactivate their payment card on the last day of the month following their last payroll deduction. Per plan specifics, after they cease participation, employees may continue to submit reimbursement requests manually, but only through the end of the coverage period and/or only until plan funds are depleted (whichever comes first).

If a participant would like to transfer their CYC HSA to another trustee, they should complete the ConnectYourCare Transfer to Another Trustee Form. By transferring their HSA to another trustee, participants are no longer eligible for the employer's HDHP. CYC will deactivate their payment card on the last day of the month following their last payroll deduction. Per plan specifics, after they cease participation, employees may continue to submit reimbursement requests manually, but only through the end of the coverage period and/or only until plan funds are depleted (whichever comes first).

Customer Identification Program (CIP) for Account Holders

What is CIP?

The Customer Identification Program (CIP) is followed to verify the identity of each HSA participant to fulfill the requirements of the Know Your Customer requirements under the USA PATRIOT Act. ConnectYourCare (CYC) is required to obtain, verify, and record information that identifies each person who opens an account, including a Health Savings Account (HSA). Therefore, when your employees apply for an HSA, CYC will need to collect certain information about each of your employees in order to complete the identity verification process.

The required information includes:

- Full legal name
- Current physical residential address (non-U.S. addresses and P.O. Boxes are not permitted*)
- Date of birth
- Government-issued identification number (typically, social security number)

* If the employee has only provided a P.O. Box address, the account will remain in "Wait" status and will not begin the CIP Process; a physical address is required for CIP. A notification is sent to the employee either via email or letter depending on whether CYC has the employee email address on file. If an email is on file, the email will default to the personal email address on file with a URL link to update the address. The employee has 90 days to update the address AND complete the remaining CIP process. If the address update is not resolved within 90 days, the CIP status will move to declined, the account status moves to declined, the HSA policy is cancelled, and pending contributions are returned. Notification will also be given to the employee of the decline either via email or letter depending on whether CYC has the email address on file.

The Stages of CIP

Employees Who Pass CIP

The majority of participants pass the identity verification process on the first review and without the participant having to take additional steps. Once your employees satisfactorily complete the identity verification process, they will receive a welcome letter and payment card for the CYC HSA. Once they receive this information and the plan date is effective, they may begin to utilize and contribute to the CYC HSA.

Employees Whose Identifies Could Not Be Verified

If the Bank Custodian is unable to verify an employee's identity, the Bank Custodian may contact the employee for additional information, such as a copy of the driver's license, W-2, Social Security Card, or other identifying documents. Should the employee receive a letter or request from the Bank Custodian, the employee must submit documentation within 90 days to resolve the issue.

Notifications are sent out during the following timeframes:

- Same day
- 15 days (date from when account originally hit Pending status)
- 45 days (date from when account originally hit Pending status)
- 65 days (date from when account originally hit Pending status)

An example of this notification can be found in the Employee Notices section of this document.

Requested documentation should be submitted directly from the employee to the Resolution Center. Employees who have been asked for identification are instructed to upload the required documentation to a secure site.

In the event employees are unable to upload documentation, they may contact CYC Customer Care at 833-881-8158 to discuss the possibility of providing documentation to CYC via email. CYC is able to accept the employees' documentation only once employees have acknowledged the risk presented by email communication and release CYC from any and all liability for improper disclosures and/or breaches of confidentiality due to use of mail, except those directly caused by CYC's intentional misconduct. Once the documentation is received, it will be uploaded to the employees' online portal.

Once the account holder has successfully passed CIP, any pending contributions to the account will generally post within 2 business days.

Employee Account Closure

If applicable documentation is not received within 90 days to resolve CIP successfully, the employee's CIP status moves to declined, the CYC Bank Account status moves to declined, the HSA policy is cancelled, and pending contributions are returned to the employer as a credit. Additionally, the State of Wisconsin will revert the employee's health plan to a non-HDHP, effective as of the date the health insurance was effective or the date the qualifying life event took place. Employees are not able to change their non-HDHP with their employer once it has been reverted and passed the deadline. This is the State of Wisconsin plan design for the HDHP HSA program. Unless the employee has a mid-year qualifying life event to change their health plan, the employee will need to wait until the next It's Your Choice (IYC) Open Enrollment election to enroll in the HSA.

Notification that the employee's HSA could not be opened will be made to the employee either via email or letter depending on whether CYC has the email address on file. An example of this notification can be found in the Employee Notices section of this document.

Reports

The following reports, available in the Employer Dashboard, are helpful resources for Administrators.

Account Balance and Administrative Reports

Report Name	Report Description
HSA Pending Accounts	Employees who have not completed the account opening process so their HSAs are pending; contributions submitted for the HSA will be unable to post.
Active Employees with Closed HSAs	Employees with active enrollment in the HSA for a selected plan year, but the HSA is closed so contributions will not post.

Funding and Contribution Reports

Report Name	Report Description
Contributions for an Employee	All contributions for a selected Employee for a given date range.
Contribution Invoice Discrepancies	Differences between contributions submitted and what posted for the selected funding invoice.
Pending Contribution Details	Contributions that have not been posted because the employee has not yet completed the setup process.
Unsettled Contribution Detail	The Unsettled Contribution Detail Report can either be displayed on the Employer Dashboard or in a CSV file via email.

Employee Notices

CYC sends out notices to alert employees to the status of their account opening and to provide helpful information on what documentation is needed to finalize account opening.

Notifications to employees whose identifies could not be verified

This notification is sent out multiple times, according to the following timeframes:

- Death Distribution Request Form
- Original, certified death certificate

Subject Line: Your HSA: Further Action is Required

Dear <Employee First Name>,

We are very pleased to receive your enrollment for a Health Savings Account (HSA) through your employer, State of Wisconsin. However, additional information is required from you before we can open your account.

Due to regulations established by the USA PATRIOT Act, we need to verify some personal information about you. Before your HSA can be opened, you will need to submit one form of documentation for each reason listed in the table below. Any contributions made by you or your employer will not be made available to you until your account is opened.

Reason for Request	Documentation Needed
Documentation is required to verify full name, with current residential address, and Social Security Number	Social Security Card - issued by Social Security Administration (DHS "Work Only" authorization accepted); The Fraud & Operations Compliance Department may require another form of documentary evidence to support this document, Paystub dated within past 30-days only if it reflects full SSN or TIN, Social Security Benefits Award Letter, Military Service Record - DD214 (only if it reflects SSN), IRS Form W-2 (must be dated within 5 years), IRS Form 1099 (must be dated within 5 years), IRS Form 5498 (must be dated within 5 years), IRS Form 1098 (must be dated within 5 years)
Documentation is required to verify last name with Social Security Number	State-Issued Driver's License (current, unexpired), U.S. Military Driver's License (current, unexpired), U.S. Dept. of State Driver's License (current, unexpired), State-Issued ID Card (current, unexpired), U.S. Military ID Card (current, unexpired), U.S. Passport Card (current, unexpired), State Issued Permit (current, unexpired, does not include temporary licenses), Social Security Card - issued by Social Security Administration (DHS "Work Only" authorization accepted); The Fraud & Operations Compliance Department may require another form of documentary evidence to support this document, Marriage Certificate Issued by the State, Divorce Decree Issued by the State, Permanent Resident Card (aka, Green Card), I-766 Employment Authorization Card
Documentation is required to verify full name with Social Security Number	Social Security Card - issued by Social Security Administration (DHS "Work Only" authorization accepted); The Fraud & Operations Compliance Department may require another form of documentary evidence to support this document, Paystub dated within past 30-days only if it reflects full SSN or TIN, Social Security Benefits Award Letter, Military Service Record - DD214 (only if it reflects SSN), IRS Form W-2 (must be dated within 5 years), IRS Form 1099 (must be dated within 5 years), IRS Form 5498 (must be dated within 5 years), IRS Form 1098 (must be dated within 5 years)
Documentation is required to verify full name and current residential address	State-Issued Driver's License (current, unexpired), U.S. Military Driver's License (current, unexpired), U.S. Dept. of State Driver's License (current, unexpired), Paystub dated within past 30-days only if it reflects full SSN or TIN, Lease Agreement (negotiated within the past 12 months; or month to month negotiated within the past 6 months), Vehicle Registration Card (current, unexpired), Utility Bill (for address within past 30 days), Bank/Credit Card/Investment Statement (with name and address received with past 30 days), Mortgage Statement (for address within past 30 days), Insurance Statement (with name and address received within past 30 days)
Documentation is required to verify full name with Social Security Number	Social Security Card - issued by Social Security Administration (DHS "Work Only" authorization accepted); The Fraud & Operations Compliance Department may require another form of documentary evidence to support this document, Paystub dated within past 30-days only if it reflects full SSN or TIN, Social Security Benefits Award Letter, Military Service Record - DD214 (only if it reflects SSN), IRS Form W-2 (must be dated within 5 years), IRS Form 1099 (must be dated within 5 years), IRS Form 5498 (must be dated within 5 years), IRS Form 1098 (must be dated within 5 years)

This is a secure and easy process. Simply log in to <UNIQUEURL>. Once you have validated your identity, you will be able to upload and submit the required documentation.

Pending receipt and approval of this required information, we will be authorized to open your HSA and will promptly send additional important account information.

Thank you for your prompt attention to this important matter.

Sincerely,

Customer Care Center

833-881-8158 24 hours a day, seven days a week

NOTE: THIS IS A SYSTEM GENERATED EMAIL. PLEASE DO NOT REPLY TO THIS EMAIL.

Notification sent when HSA documentation submitted is insufficient

Subject Line: Submitted HSA Documentation was Insufficient

Dear <Employee First Name>,

Thank you for submitting documentation on <DATE> to open your Health Savings Account (HSA). Unfortunately, the provided documentation could not be verified, and your account cannot be opened.

Documentation Received	Reason Not Accepted
<Documentation type - example: Social Security Card>	<Documentation reject reason- example: SSN Does Not Match>

Any contributions made by you or your employer will not be made available to you until your account is opened.

Act Now! Simply log in at <UNIQUEURL> and you will be prompted to upload the required documentation.

Thank you, <Employee First Name>, for your prompt attention to this important issue.

Sincerely,
Customer Care Center

833-881-8158 24 hours a day, seven days a week

NOTE: THIS IS A SYSTEM GENERATED EMAIL. PLEASE DO NOT REPLY TO THIS EMAIL.

Notification sent when an employee's HSA cannot be opened

Subject Line: Your HSA Could Not be Opened

Dear <Employee First Name>,

Thank you for allowing us to assist you in opening a Health Savings Account (HSA) through your employer, State of Wisconsin.

Unfortunately, although we have reached out to you several times, we have not received all required documentation needed to open your new HSA. This means that your request to open an HSA has been declined.

Since your HSA has been declined, any payroll contributions you intended to make have not been deposited and the funds will be returned to your employer.

Should you decide to resubmit a new HSA enrollment request, please contact your employer. We hope that you reconsider opening an HSA in the future, and we look forward to assisting you at that time.

Sincerely,
Customer Care Center

833-881-8158 24 hours a day, seven days a week

NOTE: THIS IS A SYSTEM GENERATED EMAIL. PLEASE DO NOT REPLY TO THIS EMAIL.

Beneficiaries

Participants should set up a beneficiary as soon as they set up their HSA. If a participant has a spouse, they are not required to make that person their beneficiary. However, if they make that choice, they must complete ConnectYourCare's Health Savings Account (HSA) Designation Form. This form must be signed by the participant and their spouse and must be notarized. This form may be mailed or fax to the address/number on the form.

If a participant does not specify a beneficiary—there is no penalty or repercussions unless the participant dies. In the case of death, if an HSA participant does not have a beneficiary, the HSA account will remain open until there are 12 consecutive months of no activity. Then the balance will be escheated—which means the employer (State of Wisconsin) will take control of the funds until an heir comes forward to claim the asset.

How to Designate an HSA Beneficiary

Beneficiary designation(s) may be completed online or by mail.

Online: Participants may complete their beneficiary designation(s) online using the secure CYC portal unless spousal consent is required.* Once saved, their beneficiary designation(s) will display in the portal. Participants may enter or change their beneficiary elections online at any time.

By mail: Participants may complete their beneficiary designation(s) by mail using the Health Savings Account (HSA) Designation of Beneficiary Form. Mailed forms must be notarized or they will not be processed. Once received and processed by ConnectYourCare, the beneficiary designations will display in the portal.

*If spousal consent is required, participants must complete the Health Savings Account (HSA) Designation Form. The form must be signed by your spouse, notarized, and mailed.

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[How to Designate an HSA Beneficiary](#)

[Death Distribution Request](#)

Death Distribution Request

In the event of death of a participant in an HSA plan, the beneficiary or executor of the estate should complete and submit CYC's HSA Death Distribution Request Form to authorize a distribution of assets from the decedent's HSA.

ConnectYourCare can only distribute HSA funds to individuals listed as beneficiaries. If there are no beneficiaries listed at the time of the decedent's death, the funds will only be distributed to the executor of the estate. Federal law requires all financial institutions to obtain, verify, and maintain records of the information used to identify any person to whom funds are being distributed prior to completing the distribution.

Due to the important tax consequences of a death distribution, ConnectYourCare recommends that all beneficiaries/claimants consult a tax advisor before requesting the distribution.

Documentation

The form is available on the CYC ETF employer's microsite, www.connectyourcare.com/etfemployers. The following documentation must also be submitted with the form to process the distribution request:

- Death Distribution Request Form
- Original, certified death certificate
- Copy of the beneficiary's/claimant's unexpired Driver's License or State-Issued ID
- Copy of the Letter of Administration/Testamentary, if the Estate is the claimant
- Small Estate Affidavit, if applicable
- Transfer Form from your HSA custodian, if applicable

How to Submit

The completed form, along with the original certified death certificate, and other required documents listed above (as applicable), should be mailed to:

ConnectYourCare
PO BOX 85960
6300 Wayne Road
Westland, MI 48185

Online Plan Management

Managing the CYC HSA is quick and easy through the secure, online participant portal and free myCYC mobile app!

Online Tools & Support

In addition to making online contributions and distributions, participants can log in to their CYC account any time to:

- Monitor account balances and transactions
- Change payment methods and bank accounts
- View statements and notifications
- Access important plan documents and forms
- Update profile, dependents, and beneficiaries
- Change username a password

SECTION CONTENTS

Online Tools & Support
myCYC Mobile App
Year-End Tax Forms

For additional information, educational resources and tools, plan calculators, and more, participants can log in to their account at www.connectyourcare.com/etf or through the mobile app, myCYC.

Participants can follow these simple steps to register online or through the myCYC mobile app.

Get started. New participants can register their account either online or through the mobile app by selecting Sign Up from the home page and following the onscreen instructions to create a username and password. To complete the registration, participants will be required to enter their payment card number, so they should have their new card handy when creating their account.

Verify your identity. Participants will need to verify their identity during the registration process by entering a six-digit authentication code that will be sent either by email or by text message (per the participant's preference). Once the code is received, the participant enters it into their device. The code expires 20 minutes after being sent and participants have three attempts to successfully enter the code. After three attempts they will be required to repeat the process. Participants will have to verify their identity each time they log in to a new device and devices will be registered for six months. Every six months participants will be required to repeat this identity verification process on each device.

myCYC Mobile App

The CYC mobile app, myCYC, lets participants securely access their account information 24/7/365 and can help them drastically reduce the time it takes for them to act on their HSA and any other CYC-administered benefits. myCYC provides users the ability to do the following:

- Check their balances, provider payments, and claims activity.
- Send payments to their providers or request reimbursements with just a few taps.
- Eliminate documentation hassle. Our painless photo upload process allows clear and accurate submission of claim documentation in just seconds.
- Set up direct deposit, enter recurring claims, add family members, and more.
- Access HSA mutual funds investment options.
- View FAQs and eligible expenses.
- If they need more help, they're able to connect to CYC's live expert care team with just one tap.

Download

To download, participants can visit their favorite app store and search for "myCYC."

Year-End Tax Forms

Each year, CYC creates the following tax forms for any HSA account-owner with distribution and/or contribution activity during the previous plan year. The forms are sent via mail, are information statements only, and are not needed to file taxes.

- Form [1099-SA](#) — By January 31, participants should receive Form 1099-SA from CYC, reporting total distributions from their HSA for the previous tax year. This total includes funds spent using their health care payment card and money withdrawn through online reimbursement requests. They should use Form 1099-SA to help complete IRS Form 8889. This form is also submitted by CYC to the IRS. If a participant did not use any HSA funds, they will not receive Form 1099-SA. Participants can access Form 1099-SA by logging into their online account and selecting "View HSA Tax Information" under the "I want to..." dropdown.
- Form [5498-SA](#) — By May 31, participants should receive a Form 5498-SA from CYC, reporting the total contributions made to their HSA for the previous tax year. This form is usually created after the tax filing deadline (typically April 15th) to include any contributions made to their HSA up to the tax filing deadline. This form is also submitted by CYC to the IRS. Participants do not need Form 5498-SA to file their income tax return, but they should confirm the contribution amount and keep this form for their records. Like form 1099-SA, this form will only be provided electronically. Participants may also receive an updated Form 5498-SA if they made previous tax year contributions in the current tax year.

Participant Reports

Each quarter CYC provides participants their HSA Account Summary Report online. They will be notified the report is ready for viewing via email. The report is similar to a bank statement and will display beginning and ending balances, all contributions, and all distributions made for the HSA account. The report is provided automatically; participants do not need to sign up to receive this report.

HSA Investment Account Management

A self-directed HSA Investment Account is available to participants once their HSA balance reaches \$1,000. Investment accounts link directly to their HSA for easy movement of funds back and forth. Through the participant's HSA Investment Account, they have access to a wide range of fund choices, designed to suit their individual needs and financial goals, managed by some of the most well-respected names in financial services. Once a participant's HSA balance is enough to begin investments, they can set up an account in minutes online or through the mobile app. Once a participant's HSA balance is enough to begin investments, they can set up an account in minutes online or through the mobile app, myCYC.

Auto-investments: Participants can also set up **automatic, recurring transfers** from their HSA contributions into their pre-selected investment lineup.

If a participant chooses to not set up an investment account, funds will remain in an HSA cash account that earns minimal interest. The HSA cash account is eligible for FDIC insurance protection in accordance with applicable law. HSA investments are not bank-issued or guaranteed, and are subject to investment risks, including fluctuations in value and the possible loss of principal amount invested.

Participants can find additional HSA investment management information, including educational resources, tools, and plan calculators by logging into their online account or through the free myCYC mobile app.

Investments funds are not Federal Deposit Insurance Corp. (FDIC) insured, not bank issued or guaranteed, and are subject to risk, including fluctuations in value and the possible loss of the principal amount invested. Please consult your financial planner for more information.

HSA Distributions

Reimbursement Options

Participants can request a tax-free distribution any time an eligible expense has been incurred. Distributions for reasons other than qualified medical expenses (prior to age 65) are taxable and subject to a 20% penalty tax in certain circumstances.

Upon death, disability, age 65, or upon Medicare eligibility, HSA funds can be withdrawn for non-medical reasons without penalty but will be subject to income taxes.

Two Ways to Access HSA Funds

Conveniently pay for eligible HSA expenses using one of the following methods:

Option 1: CYC Payment Card

As a feature of the HSA participants are issued a CYC payment card to purchase eligible health care expenses with a simple swipe at the service provider's office or merchant location. The CYC payment card may not be used at an ATM.

When using the CYC payment card, the amount of the expense is automatically deducted from the available HSA balance and paid directly to the authorized provider or merchant at the point of purchase. CYC payment card purchases are limited to merchants with an inventory information approval system (IIAS) in place to identify HSA-eligible purchases. Although the CYC payment card auto-substantiates most transactions, it is the participant's responsibility to make sure purchases are for qualified health care expenses. We recommended saving receipts and retaining them with individual tax return documentation in case they should ever need to prove expense eligibility.

If a CYC payment card is lost or stolen, report the lost/stolen card to CYC immediately. Participants may request a replacement card online at no cost by calling the Customer Care team.

Option 2: Payment Request

Participants can easily issue an HSA distribution in the form of a personal reimbursement or to pay a provider directly at any time by logging into their online or mobile account. Although documentation will not be required for HSA payment requests, it is always a good idea to retain documentation in the event of an IRS audit.

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Reimbursement Options

Two Ways to Access HSA Funds

Distribution Requirements

Expenses Eligible for HSA Distributions

Reimbursement Denial Appeal Process

How to Submit a Distribution Request

Termination

Retirement

Distribution Requirements

Participants may only request a distribution up to the current balance of their CYC HSA account. If funds in the account are insufficient, only the available balance in that account will be issued. The outstanding balance of the distribution request will not be reimbursed.

An additional distribution request must be submitted once additional funds are available in the account to pay for any remaining balance.

Expenses Eligible for HSA Distributions

There are hundreds of eligible expenses for tax-free purchase, including prescriptions, some over-the-counter items, doctor office copays, health insurance deductibles, and coinsurance. HSA funds may even be used for eligible expenses for a participant's spouse or federal tax dependents.

Eligible expenses are defined by the IRS and are considered eligible if the health care expense includes amounts paid for the diagnosis, cure, mitigation, treatment, or prevention of disease, and for treatments affecting any part or function of the body.

The expenses must be primarily intended to alleviate or prevent a physical or mental defect, or illness. In general, expenses solely for cosmetic care are not deemed as qualified medical care, nor are expenses that are merely beneficial to one's general health.

Appropriate HSA expenditures include Medicare insurance premiums (except Medicare Supplement policies), long-term care coverage, health coverage while receiving unemployment benefits, and health care continuation coverage required by federal law (known as COBRA coverage). HSAs may reimburse long-term care insurance premiums limited to the adjustment amounts under Section 213(d)(10), even when the HSA is offered through a Cafeteria Plan.

The IRS requires that all HSA purchases be verified as eligible expenses. Sometimes, purchases are automatically verified when a participant uses their card. Other times, CYC will request itemized receipts. **Participants should always save their itemized receipts!**

INSUFFICIENT FUNDS

Only the available balance in an account will be issued.

ELIGIBLE EXPENSES

Refer to CYC's list of HSA Eligible Expenses for a summary of eligible expenses.

How to Submit a Distribution Request

If a participant used personal funds – a personal credit card, cash, or check – to pay for an eligible expense, they can submit a distribution request to be reimbursed. Participants may also request payments be sent directly to a provider.

Step 1: Log into their account online or using the mobile app.

Step 2: Select Reimburse Myself to send payment to the participant or Pay Provider to send a payment directly to a provider and follow the on-screen prompts to fill in the requested information.

Step 3: Be sure the documentation contains these five pieces of information:

1. Patient name
2. Date of service
3. Provider name
4. Description of service
5. Amount charged

Step 4: Follow the on-screen prompts to complete and submit the claim. CYC will process the claim and send the distribution via check or direct deposit.

Termination

Upon termination of employment, HSA contributions from both payroll deductions and employer contribution will cease. However, participants will continue to have access to their HSA after termination as the benefit is portable. If they elect to continue a qualified HDHP medical plan, they will be able to continue to contribute to their HSA via their CYC online account. In the event of termination, a participant will be assessed a \$1.35/month service fee beginning the first of the month following termination. This fee will automatically be deducted from their HSA account balance until the account is closed due to zero balance.

The process works as follows:

1. Termination process initiated at the end of each month.
2. CYC sends participant a letter explaining their account ownership and fees.
3. A service fee of \$1.35/month begins the first day of the month after termination.

Retirement

Upon retirement, the HSA contributions from both payroll deductions and employer contribution will cease. However, a participant will continue to have access to their HSA after retirement as the benefit is portable. If they elect to continue a qualified HDHP medical plan, they will be able to continue to contribute to their HSA via their CYC online account.

HSA Contributions

Change of Payroll Contribution Elections

A participant may change their pre-tax payroll contribution amount during the plan year. They simply notify the employer of the change to make and the employer will adjust the HSA contribution amount. Participants cannot change this amount on their own. To request this change, the participant needs to complete the following steps:

1. Obtain an Election Change Request Form from www.connectyourcare.com/etf.
2. Determine the amount they wish to contribute for the remainder of the plan year.
3. Complete, sign, and date the form and submit it to the Payroll/Benefits Office for processing.

The Payroll/Benefits Office will review the information and provide CYC with the updated contribution amount via an EDI file. CYC will then make the appropriate change and send a confirmation to the appropriate payroll center.

In addition, each It's Your Choice Open Enrollment period provides participants the opportunity to change contribution amounts when re-enrolling for the next year.

Exceeding Contribution Limits

It is the participant's responsibility to monitor contributions and proximity to contribution limits. All HSA contributions made through payroll deduction are reported on the participant's W-2 form. Contributions made through other methods should be reported by the participant on Form 8889 and filed with Form 1040 or 1040NR. Contributions in excess of limits are not tax-deductible.

Excess contributions are generally subject to a 6% excise tax. This amount is set by tax law and does not change without tax law revision. The tax would apply for each year the excess contribution is in the account. A participant may withdraw the excess amount without paying the excise tax if it is withdrawn by due date (including extensions) of their tax return for the year the contributions were made. This withdrawal must be included as "other income" on their tax return in the year they withdraw the contribution. This withdrawal may be requested by completing and submitting the ConnectYourCare Excess Contribution Removal Form.

SECTION CONTENTS

Change of Payroll
Contribution Elections

Exceeding
Contribution Limits

Contribution Types

Contribution Types

There are two types of contributions, payroll deductions and employer contributions. Both must be posted within two business days of receiving the contribution file and within the payment hours of the pay date.

It is the responsibility of the account holder to monitor activity. CYC will provide participants a quarterly statement via email notification documenting all contributions and distributions for the previous quarter. Their HSA account statement is available via their CYC online account for their reference at any time.

Employer Contribution Management

This section will cover information regarding HSA Contribution Management.

Funding Contributions

ACH (Automated Clearing House) Agreements were signed and returned to ConnectYourCare. Each payroll center is responsible for pushing funds to ConnectYourCare upon receipt of a Contribution Funding Request (CFR). With this agreement, the payroll centers have agreed to:

- The client agrees to initiate payment for all HSA invoices (CFR, ADHOC) within two business days of receiving the funding request, to the appropriate bank account.
- Client agrees to send an email to CYCTreasury@connectyourcare.com and ETFSupport@connectyourcare.com on the same day the payment is made indicating the payment amount and all invoice numbers that are being paid with that payment.

HSA contributions will post to employees' accounts within two business days after both the contribution file and the payment has been received. Funding to employee HSAs may be delayed if any of the following issues occur:

- Funding is not received in the time permitted
- Funding is not provided to the correct account as designated below
- Payment amount differs from the invoice amount
- The appropriate payment notification is not provided as outlined above

Contribution Submission

There are two ways to submit contributions to ConnectYourCare, contribution files and manual contribution processing.

- **Contribution Files (Recommended)**

Communicate all plan contributions to CYC on a per pay period basis. Files should be sent, at minimum, three business days prior to the payroll date. Contributions will be processed within one business day of receipt.

- **Manual Contribution Processing**

Payroll centers can submit a spreadsheet, provided by CYC, that includes SSN, plan type, and contribution amount. Spreadsheets must include EE-ID, SSN, plan type, and contribution amount. Negative contributions cannot be processed for the HSA. CYC will load the contributions into the system within one business day of receipt if the spreadsheet is completed accurately. If any manipulation is needed on the spreadsheet, this will cause a delay in processing times. Manipulation may include participants separated by worksheet, EE-ID's in lieu of SSN's, missing data, etc.

- **Contributions will process for:**
 - Participants who have an active account with CYC.
 - Participants who have failed the HSA CIP process but are within their 90-day waiting period.

These funds will return to the employer after the 90-day waiting period if documentation is not provided or if participants fail CIP.

- **Contributions will error for:**
 - Participants who do not have a census record within the system.
 - Participants who are not enrolled in the plan for which the contribution was received.
 - Negative contributions that are received for the HSA.
 - Plan year dates are incorrect.
 - Etc.

More information on the submission of contribution files is detailed in the EDI section of this Admin Guide.

Contribution Funding Requests (CFR)

Contribution Funding Requests are invoices for the contributions that processed into the CYC system. They are distributed by email and include the employee contribution, employer contribution, and the total invoice amount. These generate within one business day of contribution files being received by CYC.

A sample CFR email:

[External]***HSA Contribution Report***



connectedbilling@connectyourcare.com

Invoice ID: 01234567890

State of Wisconsin

The funding requirement for your HSA is \$222.50. An ACH for \$222.50 should be initiated to push these funds.

The funding requirement consists of the following items:

UW System - Monthly (12) Employee Payroll	\$160.00
UW System - Monthly (12) Employer Payroll	\$62.50
Summary	
Total Funding Requirement:	\$222.50
ACH EFT Transaction Date:	04/17/2020

The CFR includes contributions that processed from the contribution file. Contributions will process for:

- Participants who have an active account with CYC.
- Participants who have failed the HSA CIP process but are within their 90-day waiting period.
 - These funds will return to the payroll center if the participant fails CIP or after the 90-day waiting period if documentation is not provided.

The CFR does not account for contributions that errored from the contribution files. Contributions will error for:

- Participants who do not have a census record within the system.
- Participants who are not enrolled in the plan for which the contribution was received.

Paying the CFR

- Payments are to be remitted within one business day of receiving the CFR.
- Payment amounts must match the amount in the CFR.
 - If the payment amount is in excess, CYC does not have the ability to store the excess funds in a transparent manner for the payroll centers.
 - If the payment amount is in shortfall, CYC will not be able to release funds to the participants' accounts until additional funds are received.
- The payroll center needs to send an email on the same day the payment is made indicating the payment amount and all invoice numbers that are being paid with that payment.

Email should be sent to:

CYCTreasury@connectyourcare.com

ETFSupport@connectyourcare.com

Employer Contribution Reporting

- **Contribution Invoice Funding Details:** Listing of contributions successfully posted for the selected funding invoices. This report is used when reviewing what supports the CFR.
- **Contributions for an Employee:** Listing of contributions successfully posted for the selected employee. This report is used when reviewing the contribution an employee has received.
- **Contribution Invoice Rejections:** Listing of contributions that did not successfully process from the contributions file. These contributions will not appear on the CFR. This report is used when reviewing what supports the CFR.

Correcting Contribution Errors

1. Resubmit the contributions on the next contribution file once all other errors have been addressed. This is the preferred method and should be utilized.
2. Request an SSN Based Contribution Spreadsheet from your client service manager by sending an email to: ETFSupport@connectyourcare.com.
3. Do not send negative contributions on the contribution files.

SSN Based Contribution Spreadsheet

The SSN Based Contribution Spreadsheet should be submitted when a contribution needs to be added outside of the standard contribution files. This should be the last resort as contributions should be resubmitted on the next contribution files.

When you need your CYC account team to process a contribution you will need to request an SSN Based Contribution Spreadsheet from your client service manager by sending an email to ETFSupport@connectyourcare.com. The CYC account team can process contributions only when received on an SSN based contributions spreadsheet. To complete the spreadsheet, follow the directions listed below:

- Column A: SSN
 - Enter the SSN or EEID of the participant that the contribution applies to.
- Column B: Payroll Identifier
 - Enter the plan type that the contribution should be applied to. Plan types are:
 - HSAEE2021
 - HSAER2021
 - Create one new row per contribution type.
- Column C: Payroll Deduction Amount
 - Enter the contribution amount.

Upon completion the spreadsheet should look similar to the below:

	A	B	C
1	SSN	Payroll Identifier	Payroll Deduction Amount
2	required	required	required
3		(View Acceptable Payroll Identifier Codes Online)	
4	Numeric	Provided based on type of Plan	dddd.cc
5		HSAER20	35.71
6		FSAAEE20	156.25
7		HSAEE20	35.71
8		TRNEE20	-31.25
9			

- When completing the spreadsheet do not:
 - Create new tabs for each participant. Each participant should be listed on Tab 1.
 - Do not edit rows 1 – 4. No data should be entered in this area.
 - Do not change any formatting or create extra columns.
- Spreadsheets that are not complete or accurate will be returned to the payroll center for correction.

Submitting the SSN Based Contribution Spreadsheet

- Completed spreadsheets can be submitted to ETFSupport@connectyourcare.com.
- Emails should include:
 - Date you would like the contributions posted.
 - Any pertinent information that you feel is relevant.
- Once the spreadsheets have been processed your account team will notify you by email. You will receive a CFR email from CYC and your bank account will be debited the following business day.
- Contributions will post within 3-5 business days of successful processing.

Client Service Manager Support

What we can do:

- Provide information on available reports and reconciliation techniques
- Provide custom spreadsheets and process one-off contributions if/when needed
- Provide explanations on why contributions may have errored

What we cannot do:

- Reconcile payroll center invoices
- Determine how to fund invoices that are underfunded
- Determine how to apply excess funds
- Post manual contributions (received outside of the SSN Based Contributions Spreadsheet)-.

HSA Contribution Management

The below should be followed when receiving and managing Contribution Funding Requests.

Step 1: Contribution files should be sent and processed, at a minimum, three business days prior to your payroll date.

Step 2: CYC will notify you if your contribution file generated any errors. Payroll centers can obtain file error details within the SFTP site's File Errors folder or by generating a File Errors Report on the CYC Employer Dashboard.

- The contribution error should be corrected on the next contribution file once the errors have been addressed.
- If you are unable to process these through your files, you may request a SSN Based Contribution Spreadsheet from ConnectYourCare at ETFSupport@connectyourcare.com. If you choose to complete the spreadsheet, reference the Contribution Management PowerPoint presentation for steps on how to correctly complete it.

Step 3: Once the file has processed, a Contribution Funding Request (CFR) generates and is emailed (within 24 hours following receipt and processing of the contribution file).

Step 4: Payment amounts must match the amount on the CFR and should be remitted within two business days of receiving the funding request.

- If the payment amount is in excess, CYC does not have the ability to store the excess funds in a transparent manner for the payroll centers.
- If the payment amount is in shortfall, CYC will not be able to release funds to the participants' accounts until additional funds are received.

Step 5: On the day the payment is made, send an email to CYCTreasury@connectyourcare.com and ETFSupport@connectyourcare.com that provides the payment amount and all invoice numbers that are being paid with that payment. If you do not send an email and include CYCTreasury@connectyourcare.com, your payments will not be applied and contributions will not be posted to participant accounts.

Step 6: When funds are received, the CYC Finance Team reconciles the funds. If the amount invoiced matches the amount received, CYC will release the funds into the employee's accounts.

Step 7: HSA contributions post to employees' accounts within two business days after both the contribution file and the payment have been received and processed.

Employers with CYC Employer Dashboard credentials have access to the following reports:

- File Errors Report
- Contribution Invoice Funding Details
- Contributions for an Employee
- Contribution Invoice Rejections

Electronic Data Interchange Files (EDI)

Use CYC EDI files to submit employee demographic, eligibility, and contribution data. The method is fast, easy, and secure.

This section details the following:

- How to Submit Files: CYC FTP Server Information
- File Types and Specifications: EDI File Types
- EDI File and Discrepancy
- EDI File Tips

How to Submit Files: CYC FTP Server Information

CYC provides an FTP server, a username, and a password granting secure access to the CYC FTP server to each payroll center.

If you have any problems connecting the CYC FTP server or forgot your username/password, please email ETFSupport@connectyourcare.com.

Once connected to the CYC FTP server, you will be in your root directory. Use this directory to upload all your production files.

All test files should contain the word TEST in the file name.

In the event your files contain errors, an error report will be posted to your FTP server.

File Types and Specifications: EDI File Types

Each payroll center should refer to the file specifications created specifically for them by CYC. CYC accepts three types of files for processing, these files can be combined with the ERA files and do not need to be sent separately. For ERA specific file information please refer to the ERA Administrative Guide.

CE—Census File

This file provides CYC with Flex Spending Account participant demographic data, including name changes, address changes, and terminations. Census data captures the following required, employee-level information: SSN, employment status, employment status effective date, name, date of birth, mailing address, primary email address, and coverage type (single or family).

SECTION CONTENTS

How to Submit Files:
CYC FTP Server Information

File Types and Specifications: EDI
File Types

EDI File and Discrepancy Process

EDI File Tips

Common Errors and How to
Correct Them

Census files are provided on a set, weekly frequency. Processing is typically completed within 24–72 business hours after receipt at CYC.

EN—Eligibility File

This file provides CYC with HSA participant enrollment data, including new hire enrollments, mid-year election changes due, and terminations. Enrollment data captures the following required, employee-level information: SSN, transaction type (new/change, cancel, COBRA), transaction effective date, enrollment submitter ID, employer ID, employer offering ID, and total policy amount.

It's important to note that the employer offering ID will be noted within the file as one of the following (with the number representing the plan year for which the benefit is effective) and that not all offerings are provided by all payroll centers:

HSAEE2021
HSAER2021

Also, important to note within the enrollment file is the total policy amount. Amounts should be provided as ddddddcc, so 150000 on the file will load as \$1,500.00.

Enrollment files are provided on a set, weekly frequency. Processing is typically completed within 24–72 business hours after receipt at CYC.

CN—Contribution File

This file specifies HSA payroll deduction amounts/contribution amounts for a specific payroll/contribution date. Contribution data captures the following required, employee-level information: SSN, pay date, billing group identifier, enrollment submitter ID, employer ID, employer offering ID, and contribution amount. Just as with the enrollment file, it's important to note that the employer offering ID will be noted within the file as one of the following (with the number representing the plan year for which the benefit is effective) and that not all offerings are provided by all payroll centers:

HSAEE2021
HSAER2021

Also, important to note within the contribution file is the contribution amount. Amounts should be provided as ddddddcc, so 4167 on the file will load as \$41.67.

YOU CANNOT SEND NEGATIVE CONTRIBUTIONS FOR THE HSA.

CYC requires that contribution files are provided three days prior to the actual payroll/contribution date, as processing the contribution file typically requires 24–72 business hours.

EDI File and Discrepancy Process

After each census, enrollment, and contribution file is received and processed, the payroll center can review whether any discrepancies or errors occurred and if so, see what those errors are.

Those payroll center contacts who have been granted access to the Employer Dashboard are able to access the “File Error Reports” within the Reports section. This report includes all error reports for all payroll centers, regardless of whether the errors were corrected in future files. Once generated, the report should be filtered so that the file in question can be searched within the File Name column.

Within each payroll center's FTP site is a folder that provides all error reports specific to their files. Although most human resource specialists do not have access to the FTP site, their EDI or IT teams who utilize the site can provide these error reports to human resources. Please contact your EDI or IT team to coordinate this effort.

Payroll centers should refer to the File Error Reports Guide that provides census, enrollment, and contribution file error codes and recommended action details to correct the errors. The payroll center should correct any errors within future files provided to CYC through their FTP site.

Contribution file errors can be accessed through the Employer Dashboard by accessing the Contribution Rejections report. More information on contribution management can be found in the contribution management section.

EDI File Tips

For Test Files, make sure to use TEST in the file name and upload to the Test folder. Failure to follow these steps may result in test information being loaded in error into your production account. Always send files in the following order – census, enrollment, contribution – to prevent file errors from occurring. Failure to submit in this order may result in file discrepancies (such as non-enrolled participants contributing in error via payroll deduction).

For File Naming, please name files in the following format.

ce_[payroll center identifier]_yyyymmdd.txt
en_[payroll center identifier]_yyyymmdd.txt
cn_[payroll center identifier]_yyyymmdd.txt

Common Errors and How to Correct Them

This section outlines common errors or situations and how to resolve them. It is important to correct errors prior to April 15 of each year to ensure proper tax reporting for the previous tax year.

Please note that HSA participants are responsible for all distributions, for compliance with expense eligibility as outlined by the IRS, and for ensuring they do not exceed IRS maximum HSA contribution limits. As the employer, the State of Wisconsin is responsible for furnishing funds for payroll contributions and employer contributions by April 15 for the previous tax year.

1. A pre-tax payroll deduction amount was incorrect. The timeframe for the corrections/adjustments will be for the tax year. If the adjustment results in a refund, the employer is responsible for providing that to the employee since it was a pre-tax payroll deduction that was the cause of the correction. The employer will note this error on the EDI file and CYC will correct as needed. All corrections are transmitted to CYC to ensure tax statements reflect the proper contribution amount.
2. An HSA distribution amount was incorrect. Notify CYC immediately. The solution is based on how the distribution was sent. If a check was sent, it will be voided. If it was a direct deposit/EFT transaction, it can be adjusted by the participant. Participants should contact CYC Customer Care for more information on how to make an adjustment to an incorrect distribution.
3. A distribution was for an ineligible expense. This distribution must be paid back by the participant.

Please note— ineligible distributions are subject to a 20% penalty by the IRS. To rectify the error, they can direct deposit funds back into their HSA for the amount in question. The participant is responsible for notifying CYC to get their contribution changed (for this correction) from Normal to Adjusted so it is not viewed as a new contribution. This correction is not applied to the IRS maximum limit for HSA.

APPENDIX

Glossary

Health Savings Account (HSA)

A Health Savings Account is a tax-advantaged medical savings account available to taxpayers in the United States who are enrolled in a high-deductible health plan (HDHP). The funds contributed to an account are not subject to federal income tax at the time of deposit. Contributions are limited to an annual limit each year; however, the total funds carry with the participant from year to year for use. Participants can draw funds for certain medical expenses from this account such as the deductible amounts that may apply for a medical claim. The remaining monies in the savings account earn interest, can be invested, and are the participants to keep.

Permitted Coverage

Permitted coverage (whether through insurance or otherwise) is coverage for accidents, disability, dental care, vision care, or long-term care. Prescription drug benefits are not listed as permitted insurance or as permitted coverage under section 223(c)(1)(B).

Permitted Insurance

Permitted insurance is coverage under which substantially all of the coverage provided relates to liabilities incurred under workers' compensation laws, tort liabilities, liabilities relating to ownership or use of property, insurance for a specified disease or illness, and insurance that pays a fixed amount per day (or other period) of hospitalization.

Post-Deductible

Out of pocket expenses that are incurred after the statutory deductible amount for the individual's health plan have been met.

Veterans Health Administration (VA) Benefits

Veterans are generally eligible for medical benefits through the Veterans Health Administration (VA). Because the VA is not a high deductible health plan (HDHP), VA coverage raises HSA eligibility issues for veterans who are also covered under an HDHP. Veterans may be eligible for benefits but may not receive them in the three-month period prior to HSA eligibility with one exclusion. Veterans enrolled in a HDHP (with no other disqualifying coverage) and who have a service-connected disability may make or receive HSA contributions regardless of when they received VA benefits. In other words, veterans with a service-connected disability will not be blocked from HSA eligibility merely because they accessed VA benefits in the prior three months.

Forms, Resources, and Additional Information

ConnectYourCare is pleased to provide ETF a comprehensive selection of account and administrative management resources, including important documents and forms, online.

Quickly and conveniently access the most up-to-date information for all your employee reimbursement account administration needs in one user-friendly location.

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