



Health Savings Account (HSA)

Last Updated: August 2, 2017

Last Reviewed: September 4, 2020

Department/Division: Human Resources

Purpose

To provide eligible employees with a health savings account. This account would allow them the option of utilizing tax free dollars for health care spending. Eligibility is directed by IRS guidelines (https://www.irs.gov/publications/p969#en_US_2017_publink1000204025).

Policy

Full-time eligible employees who elect one of our High Deductible Health Plans (HDHP) and meet the requirements, will be provided a Health Savings Account (HSA).

IRS regulations will be used in ensuring contributions to employees HSA's do not exceed the IRS annual limits.

If an employee separates from the College any time after January 1st, Human Resources (HR) will utilize the IRS calculation regarding HSA eligibility and pro-rating the maximum contribution allowed for the specified calendar year. This calculation provides the employee with the pre-tax IRS contribution limit that they are eligible for within the current calendar year. If the employee has received/contributed contributions into their HSA that exceeds the allowed amount, the dollar amount difference will result in a taxable income on their year-end W-2.

If a new employee joins the Mid team after January 1st, Human Resources will utilize the IRS calculation regarding HSA eligibility and pro-rating the maximum contribution allowed for the specified calendar year. This calculation provides the employee with the IRS contribution limit for the calendar year that they are eligible for the pre-tax benefit. If the College provides an employer contribution into an employee's HSA, an employee who joins the Mid team after January 1st, will receive a pro-rated amount of this contribution.

** If an employee receives the full Employer HSA contribution in January and during the calendar year leaves Mid's HDHP plan, but is still employed and eligible for the Opt-Out payment, they will receive a pro-rated amount of the Opt-Out payment for the remainder of the calendar year less any employer paid HSA contributions.

** If an employee is not on Mid's HDHP plan and is receiving the monthly Opt-Out payment, but elects to join the Mid HDHP during the calendar year, they would no longer receive the monthly Opt-Out payment, but would receive a pro-rated amount of the Employer HSA contribution for the remainder of the calendar year.

Procedure

- During annual open enrollment, employees will receive HSA information. The information will include the IRS annual contribution limits, any employer contributions (if applicable for that year), and age 55 catch up limits. This information will allow employees to determine if they would like to contribute additional funds into their HSA on a pre-tax basis via payroll and to ensure they do not exceed the IRS Contribution Limit.

- Employees may increase/decrease their HSA contribution no more than two (2) times within the calendar year period. The employee must contact Human Resources to obtain the documentation needed for the request.
- Employees separating from Mid will be notified by Human Resources and provided documentation if they are deemed not eligible per the IRS regulations. The employee will be provided a document showing the calculation of the amount they can expect to be shown as taxable income on their year-end W2.
- New employees joining the Mid team will be provided HSA information in their new hire packet. This information will include the pro-rated employer contribution amount (if applicable). A Human Resources member will assist the new employee during the New Hire Orientation in filling out the HSA documentation and ensuring they understand the IRS Contribution Limits and they do not exceed them.