

## Important Considerations for the HSA

- **Your HSA bank account must be opened within 60 days after the date your insurance coverage begins.** If it's not, you'll forfeit any City contributions made to date. If you later re-open your account, you may request to have the City begin contributing the biweekly contribution, but prior contributions that were lost won't be restored. Any personal contributions made prior to when your account opened would be refunded to you.
- **The City stops contributing money to your HSA fund and you pay the bank fees when you leave employment (including retirement), or if you stop participating in the plan.** The deductible and other cost-sharing under the HSA medical plan remain unchanged.
- **The HSA medical plan is not considered Creditable Coverage for Medicare drug plans.** Because City coverage ends for retirees age 65+ and for Medicare-eligible dependents of retirees, please keep this in mind when choosing your medical plan. You may pay a higher cost for Medicare drug coverage if you don't have Creditable Coverage. Questions? Call Medicare at 1-800-MEDICARE (1-800-633-4227) or see the Non-Creditable Coverage Notice on our website at [www.tucsonaz.gov/insurance](http://www.tucsonaz.gov/insurance).
- **You are responsible for all tax consequences and reporting,** including the filing of Form 8889 with your personal tax return
- **Make Sure You Qualify to Contribute to a Health Savings Account.** The Internal Revenue Service has eligibility requirements for opening and contributing to a Health Savings Account (HSA). If you enroll in the HSA but later learn that you are ineligible for the account, you may have to pay financial penalties to the IRS. It is **your responsibility** to make sure that you meet eligibility requirements. Some (but not all) of the requirements are listed below. Refer to the HSA Terms and Conditions posted at [www.tucsonaz.gov/insurance](http://www.tucsonaz.gov/insurance) for additional information.
  - You may **not** enroll in the HSA medical plan if you have medical coverage elsewhere that doesn't meet the requirements for a qualifying high deductible health plan, including but not limited to a general purpose health care flexible spending account, other group/individual insurance, Tricare, Medicare or state-assisted medical coverage, or if you receive health benefits (including prescription drugs) from the Veterans Administration or one of their facilities.
  - You may not be claimed as a dependent on someone else's tax return.
  - You may **not** participate in the Health Care FSA if you enroll in the Medical HSA plan.
  - You may **not** enroll in the HSA medical plan if your spouse is enrolled in a Health Care FSA, unless it is a limited use FSA that reimburses only dental and vision expenses.
  - The IRS doesn't allow people to open HSA bank accounts after December 1<sup>st</sup> of each calendar year. If your coverage will begin December 2<sup>nd</sup> through the end of the calendar year, you may still enroll in the HSA plan, but understand that contributions to your bank account will be delayed to the next calendar year.
  - If you make personal contributions to your HSA account, it is your responsibility to make sure not to exceed IRS limits.
  - If you are enrolling dependents who do not qualify as your tax dependents, under most circumstances, IRS regulations don't allow you to use HSA bank account funds to pay for their expenses, even if the expenses would normally be considered "eligible" expenses. States and other local jurisdictions may impose similar restrictions.