1. Can an employee enroll in a QHDHP with Family coverage if their spouse is currently enrolled in any of the following programs:
   a. Medicare
      Yes, please note that Medicare may pay as secondary to Plan C for certain expenses.
   b. Tricare
      Yes, please note that TRICARE may pay as secondary to Plan C for certain expenses. Contact TRICARE for more information about how it can pay in a secondary position. Phone numbers for TRICARE are available at www.tricare.mil.
   c. Medicaid
      It depends on the type of coverage an individual is receiving from KanCare. Please contact KanCare directly to determine if you can be enrolled in private insurance alongside KanCare. If you are eligible to enroll in coverage through SEHP, please note that Medicaid may pay as secondary to Plan C for certain expenses.

I. If so, can the employee use their HSA funds for expenses incurred by the spouse?
   Yes, you can use HSA funds for expenses incurred by yourself, your spouse or all dependents you can claim on your tax return. You can receive tax-free distributions from your HSA to pay or be reimbursed for qualified medical expenses you incur after you establish the HSA. If you receive distributions for other reasons, the amount you withdraw will be subject to income tax and may be subject to an additional 20% tax.

II. If not, what is the employee’s maximum HSA contribution limit
   For self-only coverage, an individual can contribute up to $3,350 in 2015. For employee plus one/family coverage, an individual can contribute up to $6,650. If you are age 55 or older you can contribute an additional $1,000. Please note that if your spouse or tax dependent is also enrolled in Medicare, TRICARE or Medicaid and covered under Plan C, you can still contribute up to the family HSA maximum. However, your spouse, or taxable dependent, is not eligible to contribute to their own Health Savings Account.

2. Can an employee continue to use HSA funds for expenses incurred by their spouse if the spouse becomes eligible for and enrolls in any of the following programs during the plan year:
   a. Medicare
      Yes, you can use HSA funds for expenses incurred by yourself, your spouse or all dependents you can claim on your tax return and the funds are used to pay for "Qualified Medical Expenses". If you receive distributions for other reasons, the amount you withdraw will be subject to income tax and may be subject to an additional 20% tax.
   b. Tricare
      Yes, you can use HSA funds for expenses incurred by yourself, your spouse or all dependents you can claim on your tax return and the funds are used to pay for "Qualified Medical Expenses". If you receive distributions for other reasons, the amount you withdraw will be subject to income tax and may be subject to an additional 20% tax.
   c. Medicaid
      Yes, you can use HSA funds for expenses incurred by yourself, your spouse or all dependents you can claim on your tax return and the funds are used to pay for "Qualified Medical Expenses". If you receive distributions for other reasons, the amount you withdraw will be subject to income tax and may be subject to an additional 20% tax.

I. If not, when must the employee stop using HSA funds for expenses incurred by their spouse?
As long as the funds are used to pay for "Qualified Medical Expenses", there is never a time when you cannot use the funds for expenses incurred by you, your spouse or all dependents you claim on your tax return. If you receive distributions for other reasons, the amount you withdraw will be subject to income tax and may be subject to an additional 20% tax.

3. Eligibility for an HSA:

   a. Who is eligible to enroll and participate
      To be an eligible individual and qualify for an HSA, you must meet the following requirements:
      i. You must be covered under a high deductible health plan (HDHP), on the first day of the month.
      ii. You have no other health coverage except what is permitted under “Other Health Coverage” defined by the IRS.
      iii. You are not enrolled in Medicare.
      iv. You cannot be claimed as a dependent on someone else's tax return.

   b. What if your spouse is covered elsewhere with a non QHDHP plan
      Spouse or dependent coverage that does not provide benefits for the individual/employee is not impermissible coverage and the employee/individual can make or receive contributions to their own HSA. However, the family member that is covered by other coverage cannot contribute or receive contributions to their own HSA. Example: Employee C has family HDHP coverage. Employee’s spouse and children (but not Employee C) are also covered by non-HDHP family coverage provided by the spouse’s employer. Employee C and Employee C’s spouse and children are also covered by a post-deductible health FSA. The health FSA pays for unreimbursed medical expenses the spouse and child without regard to the satisfaction of the deductible of the family HDHP. Because the health FSA covering Employee C reimburses medical expenses before the minimum family HDHP deductible is satisfied, Employee C is not an eligible individual for the HSA. If all the same are true except the fact that the FSA does not cover Employee C, then Employee C is an eligible individual for an HSA.

   c. Can a person that is on listed on an individual’s tax return as a dependent be covered under their HSA irrespective to age?
      You can only cover yourself, your spouse or dependents you can claim on your tax return. Please see responses to question 6.a. – 6.c. for additional information. For a child of parents that are divorced, separated, or living apart for the last 6 months of the calendar year is treated as the dependent of both parents whether or not the custodial parent releases the claim to the child’s exemption.

4. Can an employee enroll in Plan C and have an HSA if they are also covered by the following? If not, please site the source for the prohibition.

   a. Medicare
      Yes, you can enroll in Plan C if you are also enrolled in Medicare. You are not eligible to contribute or receive contributions to your HSA if you are enrolled in Medicare. However, if you already have an HSA established, then you can use HSA funds for qualified medical expenses.

   b. Tricare
Health Savings Plan Eligibility
Questions and Answers

Yes, you can enroll in Plan C if you are also enrolled in TRICARE. You are not eligible to contribute or receive contributions to an HSA if you are enrolled in TRICARE. However, if you already have an HSA established, then you can use HSA funds for qualified medical expenses.

c. Medicaid
It depends on the type of coverage an individual is receiving from KanCare. Please contact KanCare directly to determine if you can be enrolled in private insurance alongside KanCare. You are not eligible to contribute or receive contributions to an HSA if you are enrolled in Medicaid. However, if you already have an HSA established, then you can use HSA funds for qualified medical expenses.

5. Can an employee, who has been enrolled in Plan C with an HSA, continue to have coverage under Plan C if they become eligible mid-year for any of the following?

a. Medicare
Yes, a participant can still be enrolled in Plan C. However, if you become eligible and enroll in Medicare during the year, your maximum HSA contribution is limited to a pro rata amount based on the number of months you were HSA-eligible as of the first of the month (once you enroll in Medicare you are no longer eligible for the HSA). You still own the funds you’ve accumulated, though, and can use them for qualified medical expenses.

b. Tricare
Yes, a participant can still be enrolled in Plan C. However, if you become eligible and enroll in TRICARE during the year, your maximum HSA contribution is limited to a pro rata amount based on the number of months you were HSA-eligible as of the first of the month (once you enroll in TRICARE you are no longer eligible for the HSA). You still own the funds you’ve accumulated, though, and can use them for qualified medical expenses.

c. Medicaid
It depends on the type of coverage an individual is receiving from KanCare. Please contact KanCare directly to determine if you can be enrolled in private insurance alongside KanCare. However, if you become eligible and enroll in Medicaid during the year, your maximum HSA contribution is limited to a pro rata amount based on the number of months you were HSA-eligible as of the first of the month (once you enroll in TRICARE you are no longer eligible for the HSA). You still own the funds you’ve accumulated, though, and can use them for qualified medical expenses.

6. Can an employee who is enrolled in a QHDHP use HSA funds to reimburse expenses that are incurred by their dependent child who:

You can only use your HSA monies if you can claim them as a dependent on your tax return. Health Care Reform requires health plans to cover adult children to age 26. For plan years effective after 9/23/2010, plans that cover dependent children must also provide coverage for adult children through age 26. However, this new rule on plan coverage does not allow out of pocket expenses for these adult children to be reimbursed out of HSAs, except in unique circumstances.
Tax Dependent vs. Non-Tax Dependent: If the adult child is not a tax-dependent for the member (parent/primary HSA account holder) then the adult child would have to establish their own HSA.

i. When the child is still a tax-dependent (up to age 19 or if full-time student, up to age 24), then the child’s out-of-pocket medical expenses can be paid with the primary account holder’s HSA. In other words, the parent can use their own HSA to pay for the child’s medical expenses.

ii. When the child is no longer a tax-dependent but on the parent’s HDHP (though age 26), then the child’s out-of-pocket medical expenses cannot be paid with the primary account holder’s HSA to pay for their medical expenses. This child is eligible to open their own HSA account and can make contributions or have others make contributions, up to the maximum family limit set by the IRS.

iii. There is no age limit for children who are totally and permanently disabled.

b. Can you spend the funds on a dependent over 18 who is not a student? What about over the age of 24.
See responses to question 6.a.

c. If not, what factors would exclude an employee from using their HSA funds for a child in the above situations?
If you use your HSA funds for anyone besides yourself, a spouse or tax dependent, the amount you withdraw will be subject to income tax and may be subject to an additional 20% tax.

7. How does an HSA work and how are the HSA expenses reimbursed?

a. Will receipts for qualified items/expenses need to be submitted, if so what is the proper procedure for submitting receipts?
No, you do not need to submit receipts for expenses you incur. However, you must keep sufficient records that show the following:

   i. The distributions were exclusively to pay for or reimburse qualified medical expenses.

   ii. The qualified medical expenses had not been previously paid or reimbursed from another source, and

   iii. The medical expense(s) had not been taken as an itemized deduction in any year.

Do not send these records with your tax return. Keep them with your tax records in case you are ever audited.

b. If I get a prescription for ALL the OTC meds I will use throughout the year, can I use the one prescription for the year as documentation or will I need a new one each time I make a purchase?
Assuming that the physician writes the prescription to cover the entire year, with multiple refills, you will be able to use the one prescription throughout the year. However, if that clarification is not included in the prescription, you will need a new one each time you refill.

c. Can you use your HSA funds for your spouse if they are not covered under any QHDHP?
Yes, you can use the funds for expenses incurred by you, your spouse or all dependents you claim on your tax return. If you receive distributions for other reasons other than "Qualified Medical Expenses", the amount you withdraw will be subject to income tax and may be subject to an additional 20% tax.

d. Can I use the HSA account for my retired husband's medical expenses?
Health Savings Plan Eligibility
Questions and Answers

Yes, as long as the funds are used to pay for "Qualified Medical Expenses". If you receive distributions for other reasons, the amount you withdraw will be subject to income tax and may be subject to an additional 20% tax.

8. Is the amount the State is contributing to an employee’s HSA considered taxable income?

Contributions made by your employer are not included in your income.

9. Several people have asked for the IRS Guidelines or most recent IRS Rules. What is the most current link to this information?

This is still the most recent publication: http://www.irs.gov/publications/p969/ar02.html

10. Can a member who is eligible for and enrolled in Medicare participate in a QHDHP and can they participate in an HSA?

Yes, you can participate in a QHDHP. If you are enrolled in Medicare, you are not able to contribute to an HSA.

11. How does Medicare enrollment tie to Social Security Benefits?

If you currently receive Social Security benefits, you are automatically enrolled in Medicare at the age of 65 and will not be able to contribute or receive contributions to your HSA.

If you do not currently receive Social Security benefits, you must apply for Medicare benefits through your local Social Security office. An application for coverage must be submitted during the open enrollment period, beginning three months before the applicant’s birthday and ending seven months later. The recipient, upon approval, is enrolled in Medicare Part A and Part B. The recipient then has the option to add Medicare, Part C or Part D. If you waive coverage and enroll in the SEHP Plan C, you remain eligible to contribute to the HSA.