

Benefits Update: 2017 Health Initiative

September 2016

The benefit changes proposed under the Freedom to Choose plan approved at Annual Conference are currently being implemented. With that in mind, I want to focus on some important information regarding use of Health Savings Accounts next year.

Many of you established a Health Savings Account (HSA) for 2016 because the Conference health insurance plan was a high deductible plan and permits use of a HSA. As implementation of the health insurance changes for 2017 proceed please be aware of the rules governing HSA's to ensure your arrangements for 2017 are in compliance with all IRS requirements. The following basic information is provided to assist you as you leave the group health plan and select your own health insurance plan for January 1, 2017.

It's important that you know the current pre-tax treatment of any HSA contributions under the Conference health insurance plan with United Healthcare can't continue as currently structured into 2017.

The Conference health insurance plan is a qualified IRS Section 125 group health plan that permits participants to make pre-tax contributions into your personal HSA. But, once our group plan ends on December 31, 2016 – that pre-tax benefit also ends. You cannot continue making pre-tax contributions to your health savings account as you do today.

But, you can continue to use a HSA to reduce the tax impact of the additional compensation. Here's how it has to be structured.

You must enroll in a qualified high-deductible health plan that is compatible with a HSA. Just make sure when you choose a health insurance plan it qualifies as a high-deductible health plan that permits using a HSA.

I know many of you already have a health savings account with a bank or other provider. Going forward, your contributions to these accounts must be made on an *after-tax basis*. So, there is no pre-tax benefit for your 2017 contributions but those contributions are excluded from taxes when you file your tax return.

For those of you who selected a Conference preferred vendor as your HSA trustee – I recommend you check with your HSA administrator to confirm your account fee next year. Some of our vendor partners offered lower rates based on our group health plan. Once our group plan is terminated in December – your account maintenance fees are subject to change.

You must also be aware of the maximum contributions allowed each year. For 2017, the maximum contribution for a single person is \$3,400 and for a family it's

\$6,750. In addition, the IRS permits catch-up contributions of \$1,000 for those age 55 or older.

The Conference has many pastors who are working beyond age 65 and are or will be eligible for Medicare. If you have an HSA and you will soon be eligible for Medicare, it is important to plan ahead and understand how enrolling in Medicare will affect your HSA.

It's crucial that you know when you enroll in Medicare Part A and/or B you can no longer contribute to your HSA. You must discontinue making HSA contributions the month you enroll in Medicare.

By law, people with Medicare are not allowed to put money into an HSA. This is because you cannot have any health coverage other than a High Deductible Health Plan if you are putting money into an HSA.

But the good news is you may withdraw money from your HSA after you enroll in Medicare to help pay for medical expenses (deductibles, premiums, copays or coinsurance). As long as you use the money for qualified medical expenses, those dollars will continue to be tax-free.

Now there are additional guidelines if one member of the family is eligible for Medicare and the other spouse is not. And, it's too complex for this space. So please consider contacting a qualified tax professional to ensure your arrangements for 2017 are in compliance with all IRS requirements.

How to get help with choosing an individual health insurance plan.

If you (or your spouse) have Medicare contact: www.shine.org Or, call: **1-800-963-5337**

SHINE (Serving Health Insurance Needs of Elders) is a free program offered by the Florida Department of Elder Affairs and your local Area Agency on Aging. Specially trained volunteers can assist you with your Medicare, Medicaid, and health insurance related questions by providing one-on-one counseling and information. SHINE services are free, unbiased, and confidential.

For members who do not have Medicare the best resource is to work with a Navigator. Navigators are individuals or groups that are trained to help you find and select a health plan. They are required to be unbiased and services are free.

Go to: <http://floridachain.org/get-connected-find-local-help/>
Or: <https://www.healthcare.gov/glossary/navigator>

Open Enrollment for the Federal Exchange or Marketplace begins on November 1 and ends on January 31, 2017. But, you don't have to wait until then to begin exploring your options. Visit www.healthcare.gov now and become familiar with the site. You can shop and compare insurance plans available in your area.

Expect regular **Benefits Updates** providing information and support to help you determine the best solution for you and your family. And, the Benefits team is available if you have questions. Email us at benefit@flumc.org. In addition, Conference staff will be attending District clergy meetings this fall. Look for a meeting notice and make plans to attend.