Consumer Directed Health Plans and Health Savings Accounts in HRMS

Overview
Consumer Directed Health Plans (CDHP) are high-deductible medical plans which are used in conjunction with Health Savings Accounts (HSA). Employees who choose CDHP health coverage will automatically have a Health Savings Account created for them.

Consumer Directed Health Plans
These are the three CDHP health plan codes in HRMS:
- GHCD-Group Health CDHP
- KACD-Kaiser CDHP
- UMCD-Uniform CDHP

Employees enroll in a CDHP plan exactly the same way they enroll in any other medical plan. The enrollment is entered in PAY1 as usual, and the interface from PAY1 to HRMS will create the infotype 0167 medical plan record. The only difference with a CDHP plan is that an HSA record will also be created on infotype 0169 for those enrolled in CDHP.

The bottom line is that an employee who has a CDHP must have an HSA. Conversely, if an employee has an active HSA they must be enrolled in a CDHP medical plan.

Wage Types for HSA and CDHP Plans
2254 – EE contribution to HSA
2255 – ER contribution to HSA
2542 - Group Health CDHP Pretax
2543 - Kaiser CDHP Pretax
2544 – Uniform CDHP Pretax
2515 - Group Health CDHP After tax
2516 - Kaiser CDHP After tax
2517 - Uniform CDHP After tax

Health Savings Account Plans
For the state, Health Savings Accounts (HSAs) are administered by a third party, Health Equity.
When an employee enrolls in a CDHP, the Health Care Authority (HCA) will notify Health Equity to have an HSA created for the employee.

Employee contributions to an HSA are voluntary. If an employee elects to contribute to his/her HSA, a pre-tax deduction will be set up on infotype 0169 in HRMS. (More details on next page.)

There are two Health Savings Account plans configured in HRMS:

- **HSAF** is the HSA plan for employees enrolled in a CDHP plan with family coverage. (Family coverage is defined as the subscriber plus one or more others being covered.)
- **HSAS** is the HSA plan for employees enrolled in a CDHP plan with self only coverage.

HSAF and HSAS are **savings plans** that will be housed on infotype 0169. The wage types for HSA contributions may also be used on infotype 0015 for adjustments. However, negative adjustments (refunds) are not allowed for wage type 2254.

The state contributes to the employee's HSA as follows:

- HSAFs receive $116.67/month (annual total $1,400.04)
- HSASs receive $58.34/month (annual total $700.08)

These employer contributions actually come out of the "state share" of health contributions which HRMS already takes each payroll. ("State share" is the amount an agency pays to HCA each month for each eligible employee. In HRMS this is called the "Employer Credit".) So, to avoid a double employer contribution, HRMS will not take the $116.67/$58.34 amounts. Though HRMS does not take the employer contributions; it needs to track these amounts for reporting on the employee's W-2.

Because HRMS needs to track the employer contributions to the HSA, employees who are enrolled in a CDHP must have an HSA record on infotype 0169, regardless of whether the employee contributes or not. The 0169 HSA record is the trigger for HRMS to track employer contributions. If the employee chooses not to contribute to his/her HSA, the amount on the 0169 record remains at zero.

There will be an interface from PAY1 to HRMS that creates an HSA 0169 record with zero amount for each employee who is enrolled in a CDHP. If employees elect to not contribute to their HSA accounts, the payroll office does not need to do anything to the HSA 0169 record. If an employee elects to contribute, the payroll office updates the amount on his/her 0169 record to the amount chosen by the employee. More details on how to do this are in the section below, "HRMS Entries for CDHP and HSA".

There are annual contribution limits on HSAs.

The limits shown below are for the **combined** employer and employee contributions in 2015. Employees age 55 to 65 may contribute an extra $1,000 per year. Employees over age 65 are not allowed to contribute to an HSA account.

Maximum Allowed Contributions to HSA for 2015 - EE & ER Combined Total

	Under age 55	Age 55 to 65	Over 65
HSAF – family coverage	$6,650	$7,650	$ 0
HSAS – self only coverage	$3,350	$4,350	$ 0

Health Equity is responsible for ensuring that the contribution limits are not exceeded. It will not be possible to track this in HRMS because employees can also contribute to their HSA by sending a check directly to Health Equity. Obviously, this type of direct contribution will not be tracked in HRMS.

Effective for 2014

Terminating HSA Enrollment

If an employee leaves a CDHP medical plan, all contributions to their HSA must stop. Therefore, if an employee terminates employment or changes from a CDHP plan to a non-CDHP plan, their HSA record on infotype 0169 must be end dated. HSA records should be end dated effective the 15th of the month in which the employee is last enrolled in a CDHP medical plan. The HSA gap 16 interface should automatically end date HSA records on the 15th for employees leaving a CDHP plan. However, HR/payroll offices should confirm that the HSA record has been end dated as required.

HRMS Entries for CDHP and HSA

Example of an HSAS record on IT0169 which was created automatically from the gap 16 interface from PAY1.

PAY1 sends the appropriate plan id, HSAF or HSAS, depending on whether the employee has family or self-only coverage in PAY1. Notice the record was created with a zero amount. If the employee has chosen not to contribute to his HSA, you don't need to do anything to this HSA record.

If the employee elects to contribute to his HSA, you will need to update the IT0169 HSA record as follows:
If the start date on the existing HSA record is the same date that the employee contribution is effective, use the pencil icon to update the amount on the Regular contrib. tab to the amount the employee has elected per pay period.

If the start date on the existing HSA record is different than the date that the employee contribution is effective, highlight the existing HSA record and click the copy icon to create a new HSA record. On the new record enter the appropriate start date and update the amount on the Regular contrib. tab to the amount the employee has elected per pay period.

If an employee has been contributing to his HSA and then elects to stop his contributions but is still enrolled in a CDHP medical plan, then copy the current HSA record and on the new record enter zero as the contribution amount.

Notes: All payroll deductions for an HSA in HRMS are pre-tax.
Contributions for period 01.2014 should have start date 12/31/2013.

Effective for 2014

Change Health Plans (0167)

Personnel No. 99990344 Name 20042702 Production Support 99990344
PersArea 1400 Dept Revenue EEGroup 0 Permanent
PSubarea 000A Agencywide EESubgroup 01 Monthly(M) OT Exem... Status Active
Start 12/31/2011 to 12/31/9999 Chng 12/20/2011 HOLLYJ

Plan UMCD Uniform CDHP

Plan data | Administration | Costs | Dependents | Additional data

General plan data
Benefit area	US	USA
Plan type	MEDI	Medical
Benefit plan	UMCD	Uniform CDHP
Health Plan Option	UMCD	UNIFORM CDHP
Dependent Coverage	MED1	Employee

Planning Parameters
Cost Rule Variant	UMD0	Employee

Example of a CDHP health plan on IT0167.

CDHP plan records are created from the PAY1 interface exactly like any other health plan record. Note this employee has self-only coverage; this is why his HSA was created as HSAS (self only).

Note on the Costs tab: The amount in the "Provider Cost" field is the actual premium that HCA pays the health insurance carrier. The amount in the "Employer credit" field is the amount the agency pays to HCA for each covered employee. This is also known as the "state share".

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Plan UMCD Uniform CDHP

Plan data | Administration | **Costs** | Dependents | Additional data

Calculated costs
Period	2 Semi-monthly		Calculation Date	12/31/2011
Employee costs	13.50	USD	☑ Deductions Pre-Tax	
Additional Post-Tax	0.00	USD		
Employer credit	425.00	USD	☐ Credits Allowed	
Provider Cost	242.61	USD	Imp.income	0.00 USD

Individual employee costs
Period	2 Semi-monthly			
Alternative Cost Amt		USD	Bonus Cost	USD

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