What's New for 2025?
Frequently Asked Questions (FAQs)

Are any changes being made to the existing Premier and Core medical plans?

The Premier and Core medical plans are staying the same. A third plan, a High Deductible Health Plan (HDHP), is being added as an option. In addition, we are introducing expanded coverage tiers for these medical plan options. You will now be able to choose between one of four coverage options: individual coverage, individual plus spouse coverage, individual plus child(ren) coverage, and family coverage.

Are any changes being made to the dental plan?

No. Note that although the medical plan now has expanded coverage tiers, the dental plan continues to have only two coverage tiers – individual and family coverage.

What is a High Deductible Health Plan?

A High Deductible Health Plan (HDHP) is a health plan with a higher deductible than a traditional insurance plan. The plan has a lower premium than the Core and Premier Plan, but you pay more health care costs yourself before the insurance company starts to pay its share (also called your deductible). A high deductible health plan is combined with a Health Savings Account (HSA) to help you pay for certain medical expenses with money you set aside in your tax-free HSA.

The HDHP/HSA gives you greater flexibility and discretion over how you use your health care dollars, because the funds can be used to cover qualified medical expenses that are not covered by your health plan.

What is a Health Savings Account (HSA)?

A Health Savings Account (HSA) is a tax-favored savings account you use to pay for qualified medical expenses. Only participants enrolled in the HDHP may open and use an HSA. You and the University can contribute to your HSA.

Your contributions to HSAs are:

- Tax-deductible: You contribute through pretax payroll deductions.
- Tax-free: Withdrawals to pay qualified expenses are never taxed.
- Tax-deferred: Interest earnings on investments are not taxed, and if used to pay qualified expenses, remain tax-free.
- Yours to keep: Unlike a flexible spending account, unused money in your HSA isn't forfeited at the end of the year; it continues to grow, tax-free.

How do the HDHP and HSA work together?

Each time you seek medical care under the HDHP, you pay for 100% of the services up to the annual deductible (preventive care is paid by the medical plan at 100%) using funds from your HSA, or out of your own pocket. Once you meet the deductible, services are covered according to the plan's benefit schedule until you reach your out-of-pocket maximum. You may use funds in your HSA to pay deductibles. You may also use HSA funds to pay out-of-pocket expenses, such as coinsurance, after you meet the deductible.

Who is eligible to enroll in the University's Health Savings Account (HSA)?

Under IRS guidelines, you must meet the following qualifications to enroll in an HSA:

- You must be a US citizen
- Be covered by the University's HDHP
- Not be covered under other health insurance that is not an HDHP, unless you are receiving VA medical benefits for a service-connected disability
- Not be enrolled in a Flexible Spending Account (FSA) at all during the plan year or be covered by a spouse's FSA (unless you have a Limited Purpose FSA, see below)
- Not be enrolled in Medicare Part A or Part B or Tricare
    - Note: If you are eligible for Medicare but not yet enrolled, you can still contribute to the HSA
- Not be claimed as another person's dependent on a tax return
- Not be in receipt of VA medical or prescription benefits within the previous three months, unless you are receiving VA medical benefits for a service-connected disability

Who is eligible to be covered by my HSA account?

Once you set up your account, you can use it to help pay for qualified medical expenses for you, your spouse and any dependent children included on your income tax returns.

Important: If you cover adult dependents under your medical plan that are not on your income tax return, then their medical expenses would not be eligible under your HSA. They can still be covered under the medical plan, but your HSA money cannot be used for their expenses. However, they could enroll in their own HSA not through the University.

If I enroll in the HDHP with HSA, will the University provide any funding to my HSA?

The University will fund your HSA based on your enrollment in the High Deductible Health Plan (HDHP). The University contributes $500 for employee only coverage and $1,000 for anyone with coverage other than employee only.

If you experience a qualified life event mid-year (e.g., marriage or birth of a dependent) and enroll in the HSA Plan at that time, the annual employer contribution of $500 employee only coverage and $1,000 for all other coverage will be pro-rated based on your coverage start date.

What are the HSA contribution limits?

In addition to the University's contributions, you may also contribute to your HSA pretax. Your contributions and the University's contributions cannot exceed the annual contribution limits set by the IRS. For 2025, the HSA contribution limit is $4,300 employee only and $8,550 for family coverage (or anyone with coverage other than employee only). If you are age 55 or older, you may make a catch-up contribution of up to $1,000 per year.

What happens to my leftover HSA balance at the end of the year?

Any funds in your account at the end of the year roll over to the next year. Your HSA dollars can continue to grow and earn non-taxable interest on investment returns. Best of all, your HSA is portable; you can take it with you when you leave the company or retire.

What are HSA qualified medical expenses?

Only qualified expenses are eligible for reimbursement from a Health Savings Account on a tax-free basis. That's why it's important that you keep accurate records and carefully track your account activity. A list of these expenses is available on the IRS website, www.irs.gov in IRS Publication 502, "Medical and Dental Expenses." Here are a few examples of eligible expenses:

- Medical deductibles and coinsurance amounts
- Dental and vision deductibles and coinsurance amounts (non-cosmetic)
- Certain long-term care insurance premiums
- COBRA premiums
- Premiums for Medicare Parts A, B, C and D (excluding supplemental Medigap plans)
    - Note: Once you enroll in Medicare, you can no longer contribute to your HSA account. However, you can use any unused funds to pay for Medicare Premiums or other HSA qualified expenses.
- Hearing aids
- Smoking cessation programs

You can also purchase HSA eligibles expenses directly via the www.HSAStore.com

Do I need to file my tax return differently if I have an HSA?

When you file your tax return each year, you will need to file Form 8889, available at www.irs.gov.

If I switch from the Core Plan that has a Health Reimbursement Account (HRA) to the HDHP with a Health Savings Account (HSA), does my HRA money roll-over to the HSA?

No, HRA balances, associated with enrollment in the Core Plan, do not rollover.

How do I contribute to a Health Savings Account (HSA)?

To contribute towards a Health Savings Account (HSA), you will need make your elections in bswift. If you make your HSA election during Open Enrollment, your contributions are made in equal amounts each pay period. You are encouraged to contribute to your HSA via payroll deductions in order to maximize your tax benefits as that way you wouldn't pay federal income or Social Security and Medicare payroll taxes.

Can I use my HSA to pay for Medicare or other insurance premiums?

You cannot use an HSA to pay insurance premiums for medical, dental, or vision care, they are not considered qualified medical expenses.

If you're enrolled in Medicare and are age 65 or older, you can use your HSA funds to pay for Medicare premiums and qualified out-of-pocket expenses. You are also allowed to use your HSA funds to pay premiums for long-term care insurance, COBRA continuation coverage costs, and any health plan coverage you pay for while receiving unemployment compensation.

Can I contribute to an HSA if my spouse contributes to a Health Care FSA?

In general, you are not eligible to make contributions to an HSA in this situation. Please speak with a tax advisor for more information.

What if I'm currently enrolled in the Health Care Flexible Spending Account (FSA), can I still enroll in an HSA?

Yes. If you participate in the Health Care FSA in 2024 and have any funds remaining at the end of the year that are eligible for rollover, those funds will transfer to a Limited Purpose FSA. Converting funds from an FSA to a limited purpose FSA can only be done if there is a balance at the end of the current FSA plan year.

What is a Limited Purpose Flexible Spending Account (FSA)?

If you are enrolled in an HSA, you cannot be enrolled in a Health Care FSA, but you are permitted to enroll in a limited purpose flexible spending account. A limited purpose FSA is a special account that lets you set aside money — before it is taxed — to help pay for eligible dental and vision expenses.

How does a Limited Purpose FSA work?

When the plan year begins, money is taken out of your paycheck before federal, state or Social Security taxes are taken out. The money is placed into your FSA and is available the first day of the plan year.

Why participate in a Limited Purpose FSA?

Under current IRS rules, you cannot deposit money into a health savings account (HSA) if you participate in a standard health care FSA. However, because a limited purpose FSA restricts reimbursements to specific dental and vision care expenses, the IRS allows you to participate in both a limited purpose FSA and an HSA at the same time. By having both accounts, you can maximize your tax and savings benefits.

Why would I want to have both an HSA and Limited Purpose FSA?

Since your HSA stays with you forever, it's nice if you can avoid spending your HSA dollars. That's where a Limited Purpose FSA offers incredible flexibility. Use your Limited Purpose FSA to pay for routine vision and dental expenses, then save your HSA for long-term healthcare expenses.

Is there a limit to how much I can contribute to a Limited Purpose FSA?

The IRS limits the amount you can put into a limited purpose FSA each year. The limit for St. John's University's 2025 plan year is $3,200.

What happens if I don't use the full Limited Purpose FSA?

Similar to the Health Care FSA, you only have one year to spend your Limited Purpose FSA money. Unused funds are forfeited to your employer—usually at the end of the plan year. However, the University does allow you to carry over up to $640 of unused funds from 2025 into 2026.

Please note: If you were enrolled in the Health Care FSA for the 2024 plan year, you are allowed to carry over up to $610 from 2024 into 2025.

What expenses are eligible?

Qualified out-of-pocket expenses for dental or vision care provided to you, your spouse or dependents. Typical eligible expenses include:

<u>Dental</u>:

- Artificial teeth
- Braces
- Dental plan deductible, coinsurance and copayments
- Dental services like exams, cleanings, fillings and X-rays
- Mouth guards
- Orthodontia services
- Tooth removals

<u>Vision:</u>

- Contact lenses and solutions
- Eyeglasses and frames
- LASIK eye surgery
- Vision exams
- Vision plan deductible, coinsurance and copayments