



MASSACHUSETTS

Health Financial Accounts



From health plans to health finances—we've got you covered

From health plans to health finances—we've got you covered

We now offer our own financial accounts to pair with our health plans, helping you control your company's costs while supporting your employees in managing their health care dollars.

Get one support system, one point of contact, one data-driven employer portal—all from Blue Cross Blue Shield of Massachusetts.

It's the complete package.

Meet the financial accounts

Health Savings Account (HSA)

Limited Purpose Flexible Spending Account (LPFSA)

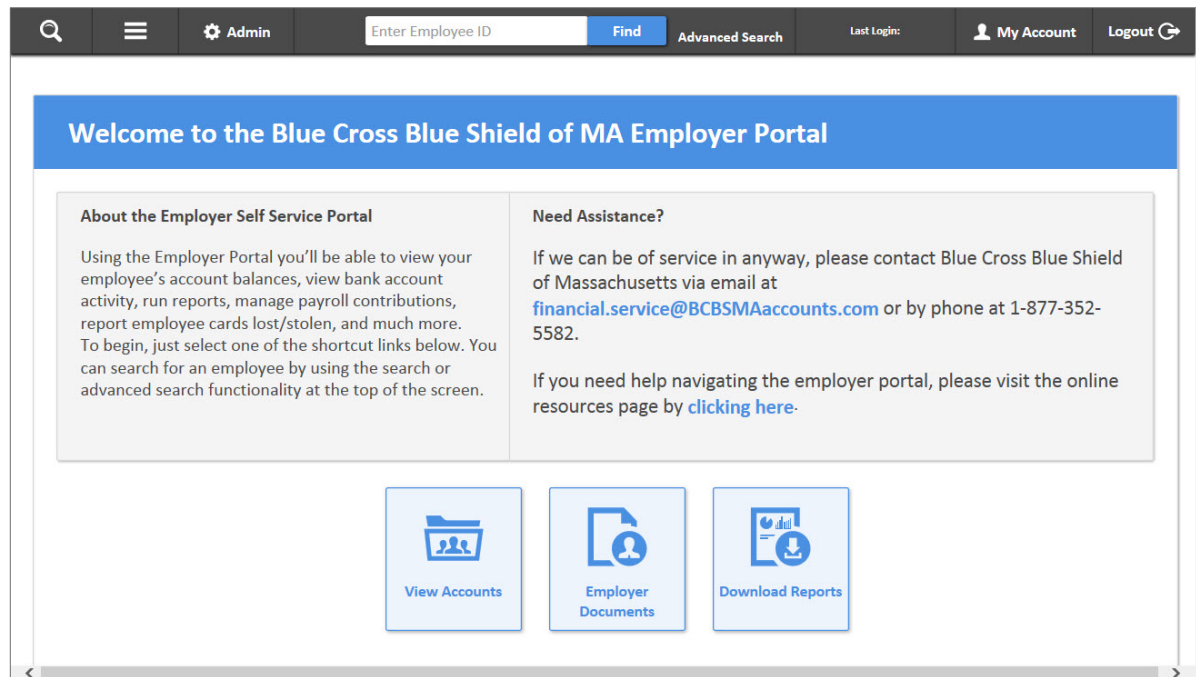
Dependent Care Flexible Spending Account (DCFSA)

Health Reimbursement Arrangement (HRA)

Flexible Spending Account (FSA)

We provide the support that you've come to trust

Online Employer Portal: the tools and resources you need to manage your employees' accounts



Actionable data that makes a difference

The Employer Portal provides comprehensive reporting:



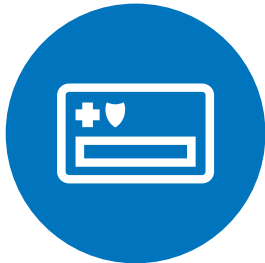
Card Reports

Transaction Reports

Enrollee Reports

We support your employees every step of the way

Plan Selection



Onboarding

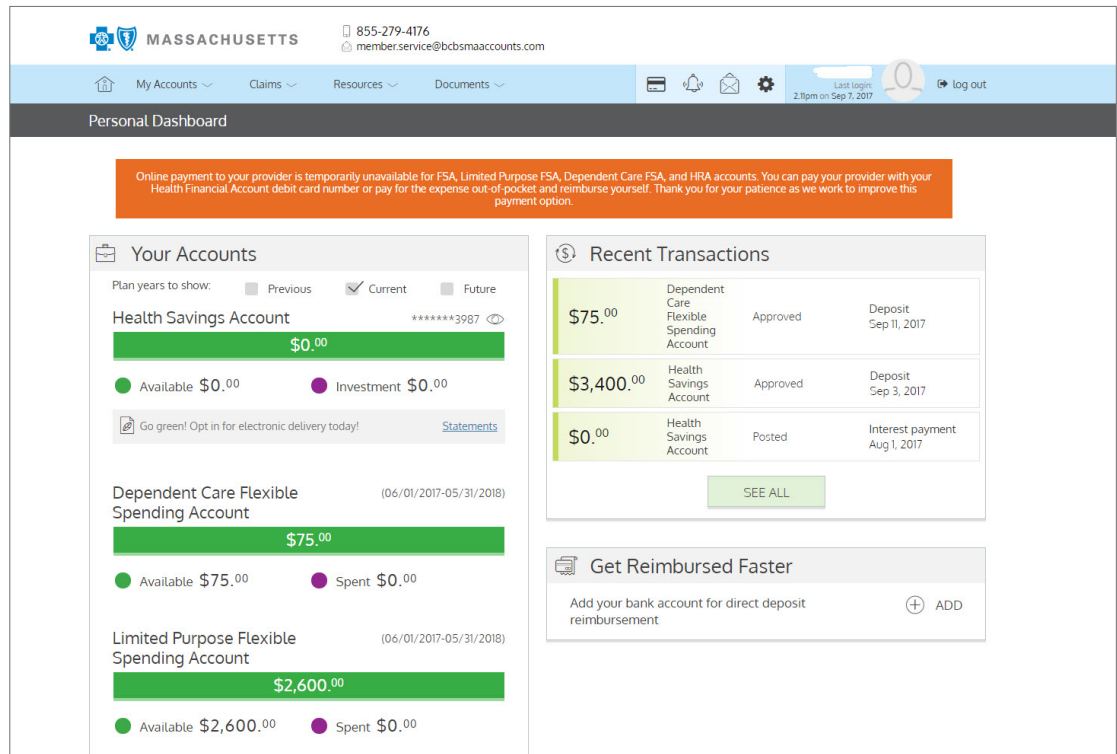


Engagement



A simple user experience with MyBlue

- Full account & plan details
- Interactive tools to optimize spending and saving
- Expanded self-service tools



The screenshot shows the MyBlue Personal Dashboard for a user in Massachusetts. The dashboard includes a top navigation bar with links to My Accounts, Claims, Resources, and Documents. A central orange banner provides a notice about online payment availability. The main content area is divided into two columns: 'Your Accounts' and 'Recent Transactions'.

Your Accounts

Plan years to show: ☐ Previous ☒ Current ☐ Future

Account Name	Balance	Available	Spent
Health Savings Account	\$0.00	\$0.00	\$0.00
Dependent Care Flexible Spending Account	\$75.00	\$75.00	\$0.00
Limited Purpose Flexible Spending Account	\$2,600.00	\$2,600.00	\$0.00

Recent Transactions

Amount	Account	Status	Description
\$75.00	Dependent Care Flexible Spending Account	Approved	Deposit Sep 11, 2017
\$3,400.00	Health Savings Account	Approved	Deposit Sep 3, 2017
\$0.00	Health Savings Account	Posted	Interest payment Aug 1, 2017

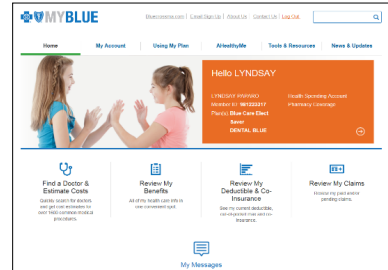
Get Reimbursed Faster

Add your bank account for direct deposit reimbursement [ADD](#)

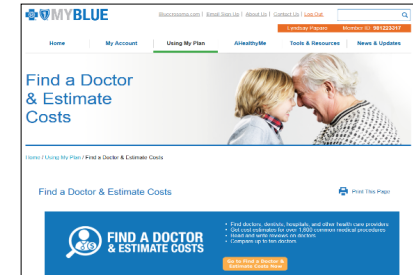
How it works: member experience



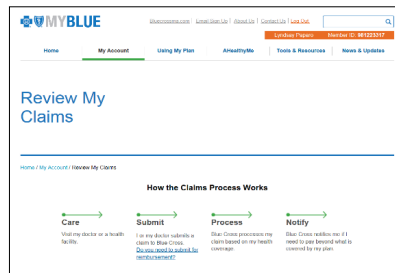
1. Log into MyBlue



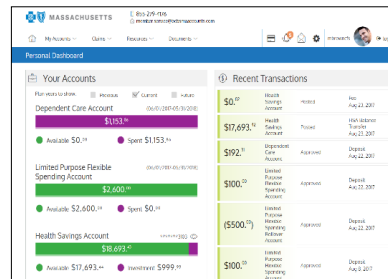
2. Access benefits



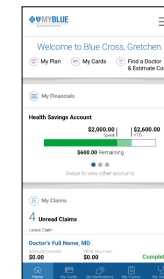
3. Use MyBlue support tools to make decisions



4. Review claims



5. Make payments online



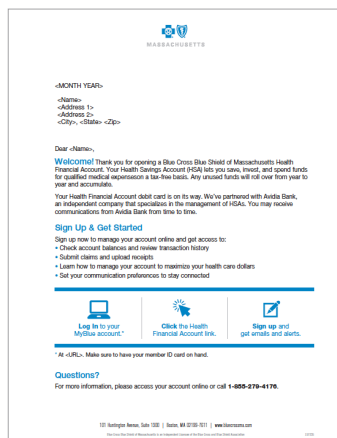
6. View account balances on the MyBlue App

Our employee communications

Comprehensive onboarding program includes:

- Onboarding communications
- Reference guides
- Welcome call

Mailed welcome letter and online reference guide



Mailed debit card



Appendix

Health Savings Account

A health savings account (HSA) is a tax-advantaged savings account that can be used to pay for medical, dental, vision, and other qualified expenses now or later in life. Contributions are limited annually and the funds can even be invested, making it a great addition to your employees' retirement portfolios. PNC Bank, an independent company and HSA custodian, manages our members' HSAs. Your employees may hear from PNC Bank from time to time.

2019 Maximum Annual Contribution

\$3,500 – for account holders with individual coverage

\$7,000 – for account holders with family coverage

\$1,000 – catch-up contribution for account holders 55+

- Contribution maximums are per tax year
- Employer and employee contributions count toward the maximum
- Employees who don't remain HSA-eligible for an entire tax year will have an adjusted contribution max
- IRS publication 969 governs HSA accounts; we recommend review of this document by your internal counsel and tax professional: irs.gov/pub/irs-pdf/p969.pdf

Advantages of an HSA

Potential for Triple Tax Savings at the Federal Level

- Massachusetts doesn't tax HSA contributions. Employees should refer to their tax advisor to confirm how their state handles HSA contributions and state income taxes
- Tax-free earnings on dollars accumulating in the HSA
- Tax-free withdrawals for qualified medical expenses

Portable

- Employees keep the money in the HSA even if they change jobs
- Unused funds roll over from year to year

Individual Account Ownership

Employees control the money in their account

- Use it for eligible expenses today
- Save it for a later date
- Use it for themselves, spouses, and tax dependents*

*HSA Tax-Dependent Rule: HSA funds can be used by a domestic partner only if they are considered a tax dependent of the account holder.

Please note Blue Cross does not pass enrollment or claims for domestic partners. When a child is no longer a tax-dependent, but covered on a parent's High Deductible Health Plan medical expenses incurred by that child cannot be paid with the parent's HSA funds. For more information about tax dependents, please see this IRS publication and review the Qualifying Child information: https://www.irs.gov/publications/p501/ar02.html#en_US_2015_publink1000220886

Your employees save and invest

Investment opportunities provided by PNC Bank, an independent company and HSA custodian

A variety of mutual fund options.

- A minimum balance of \$1,000 is required to invest
 - There is no minimum investment amount, but the HSA balance must be at least \$1,000
-

Notifying members upon eligibility to invest

- When the account balance exceeds \$1,000, your employee will receive an email or alert on the portal that they're eligible to begin investing

HSA eligibility

In order to contribute to an HSA, participants must meet the following criteria:

- Must be enrolled in a qualified High Deductible Health plan (HDHP)
- Can't have other health coverage (see IRS Publication 969)
- Can't be enrolled in any part of Medicare or Medicaid. The employee is enrolled in Medicare A automatically if they are receiving Social Security Benefits or Railroad Retirement Board Benefits.
- Can't be listed as a dependent on someone else's tax return
- Can't be active in the military and have coverage through Tri-Care
- Can't be enrolled in a Full Scope Health FSA (including through a spouse's plan) or have an FSA balance during the grace period

Limited Purpose Flexible Spending Account

A limited purpose flexible spending account (LPFSA) allows your employees to contribute a portion of their paycheck, before taxes, to pay for qualified vision and dental expenses for themselves and their dependents. An LPFSA allows your employees to continue to contribute to an HSA while also contributing to an LPFSA. This additional pre-tax deduction helps maximize tax savings beyond an HSA alone.

2019 Maximum Annual Contribution
\$2,700

- Employees enrolled in a LPFSA can maximize their tax advantages by contributing up to the FSA maximum for their LPFSA, as well as the HSA maximum
- Employers can choose between annual rollover of up to \$500 or grace period

Dependent Care Flexible Spending Account

A dependent care flexible spending account (DCFSA) is a spending account that allows your employees to contribute a portion of their paycheck before taxes are taken out to pay for qualified dependent care expenses. Qualified expenses must be for the purpose of allowing your employees to work or look for work. Services may be provided at a child or adult care center, nursery, preschool, after school program, summer day camp, or by a nanny or care provider in your home.

2019 Maximum Annual Contribution
\$5,000

Health Reimbursement Arrangement

A health reimbursement arrangement (HRA) is part of your employee benefit plan. You decide how much money to contribute each year to help your employees pay for eligible health care products and services for themselves and their dependents not covered by any other source. You also decide what health care expenses are covered by the HRA.

Configurations:

Available with a debit card or an alternate reimbursement method (autopay, member submits for all reimbursements).

HRA Pays First, reimbursing:

1. Member
2. Provider

Member Pays First, reimbursing:

1. Member
2. Provider

Member Pays First, Deductible Only/Embedded Deductible, reimbursing:

1. Member
2. Provider

HRA Pays First:

All plan liabilities

Advantages of an HRA

Offsetting Out-of-Pocket Responsibility

An HRA is offered in conjunction with a health plan to help offset out-of-pocket costs. A health plan may require employees to pay copayments and/or a deductible before the plan starts paying for services. Also, once employees meet the deductible, they may need to pay co-insurance, which is a percentage of services, until they meet the out-of-pocket maximum.

An HRA helps offset the deductible and co-insurance responsibility by allowing employees to pay for those costs from funds set aside by you, the employer. The funds in an HRA are not included in employees' salaries and are not considered taxable income.

Who sets it up

An HRA is a reimbursement account set up and funded by an employer to cover eligible health care expenses.

HRA coverage is defined by you, the employer.

Flexible Spending Account

A flexible spending account (FSA) is an employer-sponsored benefit that allows your employees to set aside pre-tax dollars to be used for eligible out-of-pocket medical expenses not covered by the health plan. An FSA covers eligible expenses for your employees and their dependents.

2019 Maximum Annual Contribution
\$2,700

Advantages of an FSA

Tax Benefits

Contributions to the FSA are deducted from employees' paychecks on a pre-tax basis, reducing their taxable income.

Employees can save an average of

30% of their eligible medical expenses.

Rollover

In 2013, the FSA 'use it or lose it' rule was modified allowing a rollover of up to

\$500 of unused FSA funds to the following year.*

Funds Availability

There's no waiting—the FSA is pre-funded, meaning your employees will have immediate access to their full annual election on the first day of the plan year, regardless of the amount they have actually contributed to date.

*A rollover only applies when the member enrolls in the FSA for the new plan year.

Employer contribution and funding options

HSA

- Contribution Manager
- Direct Deposit via ACH
- Automated Contribution File

HRA / FSA / DCFSA / LPFSA

- Contribution Manager
- Automated Deduction File

This is the
Power of Blue.

We're leading the way.



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