



THE UNIVERSITY OF ALABAMA®

WHERE LEGENDS ARE MADE

TIME TO ROCK AND ENROLL

BENEFITS OPEN ENROLLMENT

OCT. 15 - 30



- ▶ **ACTION IS REQUIRED** if you want to participate in a healthcare flexible spending account (HCFSA), dependent care flexible spending account (DCFSA), or a health savings account (HSA) for the 2022 plan year.
- ▶ **NO ACTION IS REQUIRED** if you do not want to make any changes to medical, dental or vision coverages.
- ▶ **PAYFLEX** will be the new HCFSA, DCFSA, HSA vendor effective Jan 1.

How to Enroll in Benefits

BENEFITFOCUS®

Login to **myBama** and click the **Employee** tab for single sign-on access.

The screenshot displays the myBama Employee interface. On the left is a navigation sidebar with the Alabama 'A' logo and menu items: Home, Academics, Admissions/Scholarships, Campus Life, Employee, Library, Research, and Tech. The main content area is titled 'myBama - Employee' and contains three primary sections: 'Banner Self Service', 'Update Directory and Personal Information', and 'Benefits Enrollment'. The 'Banner Self Service' section lists various links under 'My Banner Links', including 'Employee Services'. The 'Update Directory and Personal Information' section features a card with the text 'Update Your Directory Contact Information' and a list of services: 'Public Directory • Emergency Contact(s)', 'Personal Contact Information • UA Alerts', and the Alabama 'A' logo. The 'Benefits Enrollment' section prominently displays the 'BENEFITFOCUS®' logo, which is highlighted with a yellow rounded rectangle. Below the logo are the links 'Benefits Enrollment' and 'Health Benefits'. A yellow arrow points from the 'Employee Services' link in the Banner Self Service section to the highlighted 'BENEFITFOCUS®' logo.

Premium Deduction Changes

Medical, dental and vision premiums are currently collected **one-month-in-advance** (i.e., premiums collected for medical insurance on your Nov. check(s) pays for coverage in Dec.)

Effective Jan. 1, 2022, premiums will be collected in the **current month** for Jan. coverage.

Immediate Impact:

- All benefit-eligible employees who pay medical, dental or vision premiums via payroll deduction in Nov. (which pays for Dec. coverage) will have **no medical, dental or vision premiums deducted on their Dec. check(s)**.
- It also impacts coverage in the event of termination of employment. Beginning in Jan., all medical, dental and vision coverage(s) will end the **last day of the month of termination**.



New Biweekly Deduction Schedule

Benefit deduction schedules for **biweekly, non-exempt employees** will change in Jan.

For example, currently there are 26 pay periods per year with medical premiums collected each pay period (i.e., 26x), dental premiums collected on the 1st paycheck each month (i.e., 12x), and vision premiums collected on the 2nd paycheck each month (i.e., 12x).

| Check # | Pay Date | Med Deduction | Dental Deduction | Vision Deduction | Total Premium |
|-----------------------|----------|---------------|------------------|------------------|----------------|
| 1 st Check | June 4 | \$53.54 | \$28.38 | \$0 | \$81.92 |
| 2 nd Check | June 18 | \$53.54 | \$0 | \$5.74 | \$59.28 |
| 1 st Check | July 2 | \$53.54 | \$28.38 | \$0 | \$81.92 |
| 2 nd Check | July 16 | \$53.54 | \$0 | \$5.74 | \$59.28 |
| 3 rd Check | July 30 | \$53.54 | \$0 | \$0 | \$53.54 |

Effective Jan. 1, 2022, **all benefit premiums will be deducted over 24 pay periods**. It will standardize payroll deduction amounts for all benefits, making it easier for employees to understand and budget for recurring expenses:

| Check # | Pay Date | Med Deduction | Dental Deduction | Vision Deduction | Total Premium |
|-----------------------|----------|---------------|------------------|------------------|----------------|
| 1 st Check | June 4 | \$58 | \$14.19 | \$2.87 | \$75.06 |
| 2 nd Check | June 18 | \$58 | \$14.19 | \$2.87 | \$75.06 |
| 1 st Check | July 2 | \$58 | \$14.19 | \$2.87 | \$75.06 |
| 2 nd Check | July 16 | \$58 | \$14.19 | \$2.87 | \$75.06 |
| 3 rd Check | July 30 | \$0 | \$0 | \$0 | \$0 |

Medical Premiums – No Annual Increase for 2022

HDHP Plan

| Monthly | Employee | UA |
|-------------------------|----------|-------|
| Employee Only | \$57 | \$406 |
| Family without a Spouse | \$198 | \$761 |
| Family with a Spouse | \$234 | \$787 |

PPO Plan

| Employee | UA |
|----------|-------|
| \$116 | \$481 |
| \$406 | \$839 |
| \$478 | \$855 |

| Biweekly | Employee | UA |
|-------------------------|----------|----------|
| Employee Only | \$28.50 | \$203.00 |
| Family without a Spouse | \$99.00 | \$380.50 |
| Family with a Spouse | \$117.00 | \$393.50 |

| Employee | UA |
|----------|----------|
| \$58.00 | \$240.50 |
| \$203.00 | \$419.50 |
| \$239.00 | \$427.50 |

There will also be no health plan design changes in 2022. Deductibles, copayments, coinsurance, out-of-pocket maximums, etc. will remain the same.



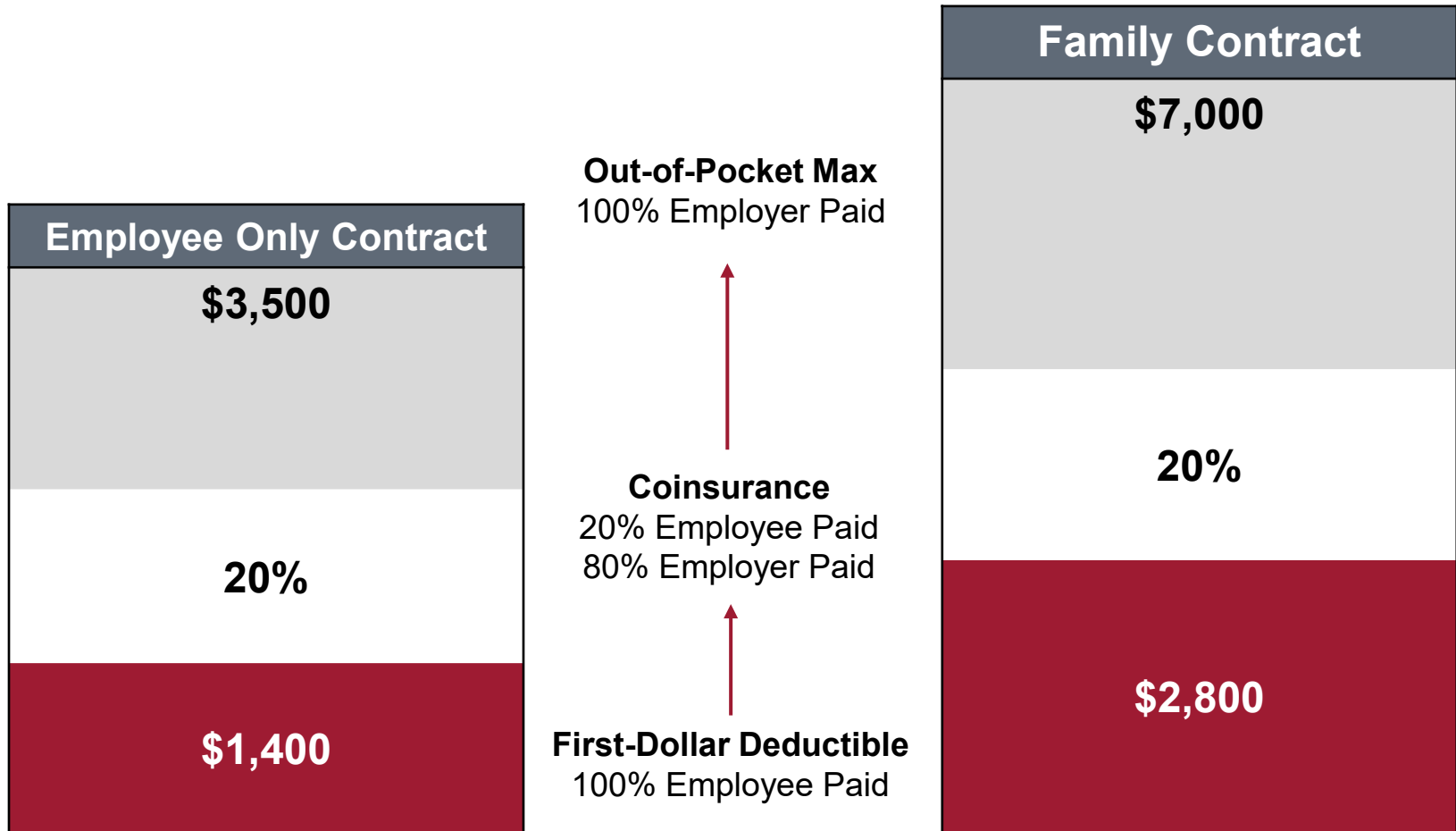
Medical Plan Comparison

| Health Plan | HDHP | PPO |
|--|--|--|
| Premiums | Lower | Higher |
| Deductibles | Higher (\$1,400 Employee Only; \$2,800 Family) | Lower (\$400 per person) |
| Member Cost Share (after deductible is met) | Coinsurance (20%) | Copayments |
| Out-of-Pocket Maximum | \$3,500 Employee Only \$7,000 Family | \$5,000 Employee Only \$14,300 Family |
| Tax-Favored Accounts | Health Savings Account (HSA) Dependent Care FSA | Healthcare FSA (HCFSA) Dependent Care FSA |
| Third Party Administrator | Both plans are administered by Blue Cross & Blue Shield of Alabama. | |
| Network & Services | Both plans have the same network access, provider discounts & covered services. | |
| Preventive Services | Both plans cover FREE preventive services at no cost share to the member. | |



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By the Numbers - Illustration



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Pharmacy Changes



Effective Jan. 1, 2022, Blue Cross and Blue Shield of Alabama will transition all **home delivery/mail order prescription drug services** to MedsYourWay through Amazon Pharmacy.

Specialty drugs will only be provided by Express Scripts' specialty pharmacy named Accredo.

AllianceRx Walgreens Prime and CVS Caremark will no longer be covered pharmacies in the specialty network.

Additional information about the home delivery/mail order and specialty drug changes will be sent to **all impacted members**' home mailing address.



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Health Savings Account (HSA) vs. Healthcare FSA

HSA is designed to be a “consumerism tool.”

It is a savings account owned by YOU, the employee. It is your money to manage!

| | HSA | Healthcare FSA |
|---------------------|--|--|
| Eligible Plan* | HDHP | PPO |
| Account Type | <i>Savings</i> | <i>Spending</i> |
| Ownership | You! The Employee | The University of Alabama |
| Contribution Limits | \$3,650 Employee; \$7,300 Family | \$2,750 |
| Employer Seed Money | \$400 Employee; \$800 Family | <i>Not available</i> |
| Funds Available | Funded per paycheck | Beginning of the year |
| End of Year Balance | Indefinite Carryover Expenses must be incurred <i>after</i> HSA is open, but money can be reimbursed in later years. | “Use it or lose it” Rule Expenses must be incurred <u>within the plan year</u> and reimbursed by March 31 of the following year. |
| Portability | Yes | No |

* Employees can be enrolled in **any PPO plan** and open an HCFSAs or DCFSA account with UA. *This does not apply to the HDHP – employees may only enroll in UA’s HSA if you also enroll in UA’s HDHP.*

Health Savings Account (HSA) Benefits

- Tax-favored savings account for “qualified medical expenses.” ([IRS Pub. 502](#))

| | | |
|--|--|--|
| Qualified Medical Expenses Examples | Prescription drugs | Car expenses (gas, oil, and parking fees) if traveling for medical reasons |
| | Dental & vision treatments like braces or contacts | Meals & lodging during a hospital stay |
| | Hearing aids | Health insurance premiums (COBRA), if currently unemployed |

- Accounts will be administered by PayFlex beginning Jan. 1, 2022
- **Triple Tax Savings**
 1. **Tax free** payroll contributions from employee and The University.
 2. **Tax free** distributions, if used for qualified medical expenses.
 3. **Tax free** earnings accumulate, if invested. Gains are not subject to interest, dividend or capital gains taxes.



HSA Retirement Savings

Retirement Savings Tool

- Minimum **\$1,000** cash balance in HSA
- IRA-like investments including annuities, CDs, stocks, mutual funds, etc.
- Age 55+ can contribute an additional **\$1,000** to HSA each year.

If employee is enrolled in Medicare after age 65, can no longer contribute to an HSA.

However, you can use your HSA funds:

- To pay for Medicare or long-term care premiums.
- To pay for non-healthcare needs without the 20% penalty, but you will pay income tax.



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IRS Eligibility Rules for HSA

In order to contribute to a [Health Savings Account](#) ...

- You must be covered by UA's qualifying HDHP.
- You cannot also be covered by a non-HDHP plan.
 - ✓ *Example:* You cannot have other coverage on a spouse's PPO plan.
 - ✓ *Example:* You cannot be enrolled in **any** part of Medicare.
- You cannot be listed as a dependent on another person's tax return.
- You or your spouse cannot be enrolled in a healthcare FSA.
- You cannot use your HSA to pay for ineligible dependents.



Eligibility for Adult Children

In order to contribute to a [Health Savings Account](#) ...

- You cannot use your HSA to pay for ineligible dependents.
-

You have a 22 year old child who lives and works on their own.

- ✓ ACA will allow child to remain on your plan until **age 26**.
- ✗ IRS no longer considers the child to be a **tax-dependent**. You cannot use your HSA funds to pay for their qualified medical expenses.
- ✓ Your adult child can open **their own HSA** and contribute up to the annual family limit (\$7,100) to cover medical expenses.

You have a child who is permanently and totally disabled ([Code 22\(e\)\(3\)](#)).

- ✓ UA will allow unmarried, incapacitated child to remain on your plan.
- ✓ IRS considers the disabled child to be a **tax-dependent**.



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HSA Employer Contribution

UA will prefund each employee’s HSA with “seed money” once per year.

- After Open Enrollment, employees covered by the HDHP with an HSA will receive the seed money during the first full week of January.
- For mid-year enrollment, employees will receive the seed money 2-3 days after the ***first of the month following date of hire***.

| Tier | UA “Seed Money” Contribution |
|-------------------------|------------------------------|
| Employee Only | \$400 per year |
| Family without a Spouse | \$800 per year |
| Family with a Spouse | \$800 per year |



HSA Employee Contributions

| | Employee Only | Family |
|-----------------------------|----------------|----------------|
| HSA Contribution Limit | \$3,650 | \$7,300 |
| UA Seed Money | - \$400 | - \$800 |
| Employee Contribution Limit | \$3,250 | \$6,500 |
| HSA Catch-Up > 55 Years Old | \$1,000 | \$1,000 |

The amount you can contribute to your HSA depends on:

1. The type of HDHP coverage you have (single or family)
2. Your age (under or over age 55)
3. The date you become an eligible individual, *and*
4. The date you cease to be an eligible individual.



HSA Employee Contributions

| | Employee Only | Family |
|-------------------------------|---------------|---------|
| HSA Annual Contribution Limit | \$3,250 | \$6,500 |

- 1. Pre-Tax Payroll Deduction is the preferred contribution method.**
Unlike the FSA, your deduction can be changed in BenefitFocus once per month and will be effective on the *next available paycheck*.
- 2. Post-Tax Direct Deposit:** You can contribute more than this monthly limit via direct deposit at <https://www.tasconline.com/>. You can claim this as an above-the-line deduction when filing taxes each year.



If you contribute *more than the annual limit*, you will face a **6% tax penalty** for excess contributions.

Contribution Limits for Mid-Year Enrollees

Employees who enroll between **January 2 and December 1** are not eligible individuals for the entire year, so they must pro-rate. **Pro-rated contributions** are based on the monthly contribution limits rule.

For **monthly** paid employees, the limit is **1/12** of the annual limit x the number of eligible months. For **biweekly** employees, the limit is **1/24** x number of pay periods.

| Examples | Erin | John |
|---------------------------|--|---|
| Hire Date | January 20 | April 4 |
| HSA Effective Date | February 1 | May 1 |
| Coverage Tier | Employee Only | Family |
| Termination Date | Still employed Dec. 31. | November 18 |
| “Eligible Individual” | 11 months or 22 paychecks | 7 months |
| Monthly or Biweekly Limit | $\$3,250/24 = \mathbf{\$135.41}$ | $\$6,500/12 = \mathbf{\$541.67}$ |
| Prorated Contribution | $\$135.41 \times 22 = \mathbf{\$2,979.16}$ | $\$541.67 \times 7 = \mathbf{\$3,791.67}$ |



QLE & Contributions Limits

A mid-year **qualifying life event** (QLE) may permit you to change coverage tiers (single or family), but you cannot change plans. **You must stay enrolled in the PPO or HDHP for the entire plan year.**

If you experience a QLE and change tiers, it may impact your contributions.

| Examples | Sam adopts a child | Laura gets a divorce |
|----------------------------------|--|--|
| Original Coverage Tier | Employee Only on Jan. 1 | Family on Jan. 1 |
| Coverage Tier after QLE | Family on July 1 | Employee Only on Oct. 1 |
| “Eligible Individual” | 6 Months or 12 Paychecks Employee Only, 6 Months or 12 Paychecks Family | 9 Months Family, 3 Months Employee Only |
| Prorated Contribution | $\$133.33 \times 12 = \mathbf{\$1,624.92}$ $\$270.83 \times 12 = \mathbf{\$3,250.00}$ | $\$541.67 \times 9 = \mathbf{\$4,875.03}$ $\$270.83 \times 3 = \mathbf{\$812.50}$ |
| Total Annual Contribution | \$4,874.92 | \$5,687.53 |



Contribute Your Premium Savings

It is **strongly recommended** to take your premium savings and contribute them to your HSA so you will have *at least* enough money to cover your initial deductible in the event of a large medical expense.

| Premium | Employee Only | Family without a Spouse | Family with a Spouse |
|------------------------------|-------------------|-------------------------|----------------------|
| PPO Premium | \$116 | \$406 | \$478 |
| HDHP Premium | \$57 | \$198 | \$234 |
| HSA Contributions | Employee Only | Family without a Spouse | Family with a Spouse |
| Monthly Premium Savings | \$59 x 12 = \$708 | \$208 x 12 = \$2,496 | \$244 x 12 = \$2,928 |
| + UA Seed Money | \$400 | \$800 | \$800 |
| Potential HSA Balance | \$1,108 | \$3,296 | \$3,827 |



HSA Disbursements

- Your HSA will be effective the *first of the month* following your enrollment.
- **You cannot use HSA funds to pay for medical care received *before* the account is open.** HSA funds can only pay for qualified medical expenses incurred **AFTER** the HSA account is established.



You can withdraw money from your HSA **at any time** and **for any reason**. However, if HSA money is not used for qualified medical expenses ([IRS Pub. 502](#)), you will have to pay income tax on your withdrawal and **20% excise tax penalty**.

Once you turn **65**, the excise penalty ends but you will pay income tax on withdrawals for non-qualified expenses.

HSA Beneficiaries

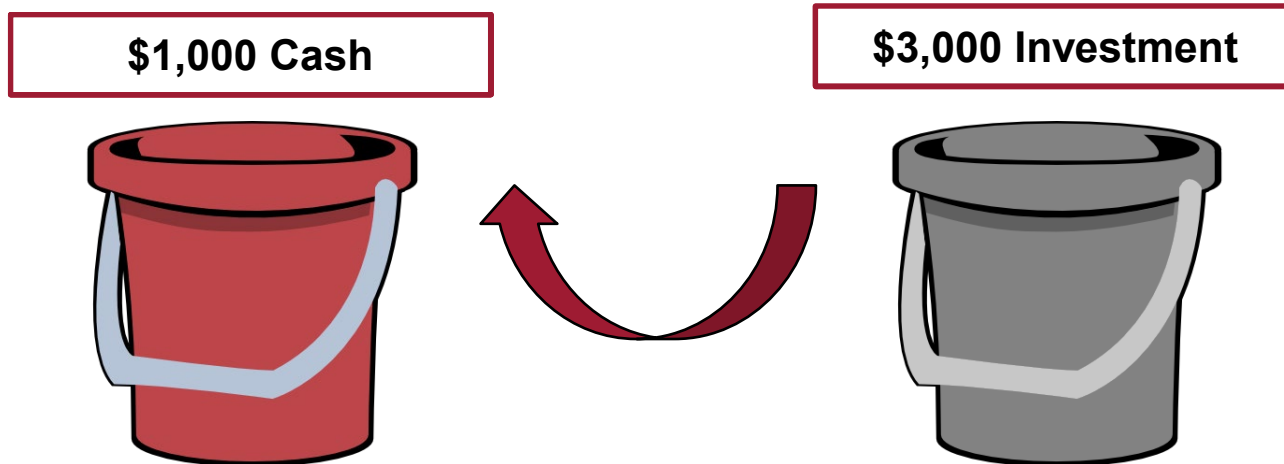
Designate your **beneficiaries** when you open your HSA! If you die, any amount remaining in your HSA passes to the named beneficiaries:

- **Surviving Spouse**: If your surviving spouse is the beneficiary, they become the new owner of the HSA. The spouse can use the HSA as any other owner would.
- **Other Individuals**: If the HSA passes to anyone other than your spouse (children, siblings, etc.), then it ceases to be an HSA. They are required to include the fair market value of the HSA as **gross income**.
- **Estate**: If your estate is the beneficiary, the value of your HSA is included on **your final income tax return**.



Investments

- Your **HSA** can be invested in the same investments approved for **IRAs**, including mutual funds and other interest-bearing accounts.
- PayFlex requires a **\$1,000 minimum** “cash” balance before investing. You can increase this minimum requirement in your online account.
- **Example:** Sarah wants Lasik eye surgery which costs \$3,000.



- Sarah can move \$1,000 to cash and spend all \$3,000 on surgery.
- PayFlex will **automatically** transfer \$1,000 back to cash.

Tax Impact

- Administrator will remind employees about tax forms via email.
- Forms available to download online. **Employees must login to account to download the forms each year.**
 - **1099-SA** Distributions
 - **5498-SA** Contributions
 - **Form 8889** – Post-tax contributions & distribution breakdown
 - **W-2** Box 12

Recap of Tax Penalties

- **6%** for excess contributions over the annual limit.
- **20%** for using HSA funds for non-qualified medical expenses.



How to Enroll in the HSA

1. **Enroll** in the account via BenefitFocus.
2. **Identity verification** process required by [The Patriot Act](#).
3. **“Welcome!” email** to your official UA email with instructions to register for an online account and accept **Terms & Conditions**. *You must accept Terms & Conditions to access your funds.*



If you do not pass The Patriot Act’s Identity Verification process, PayFlex will mail a letter requesting backup documentation.

- Social Security card, recent utility bill, or driver’s license.
- **30 days** to supply documentation, or **account will be closed!**

New Vendor for HCFSA, DCFSA and HSA

Effective **Jan. 1, 2022**, UA will transition from TASC to PayFlex. PayFlex currently manages UA's COBRA continuation coverage and administers all tax-favored accounts for UAB and UAH.



Transition Highlights:

- All plan participants will receive a **new debit card** from PayFlex in Dec.
- 2022 contributions will be deposited into your PayFlex account beginning in Jan. Existing HSA balances will be bulk transferred mid-Jan.
- TASC will continue to manage the **run-out period** for requesting FSA reimbursements for 2021 claims ending March 31, 2022.

It's strongly recommended to request reimbursements with TASC ***before the end of 2021*** to minimize potential for account balance discrepancies during transition.



Voluntary HSA Bulk Transfer

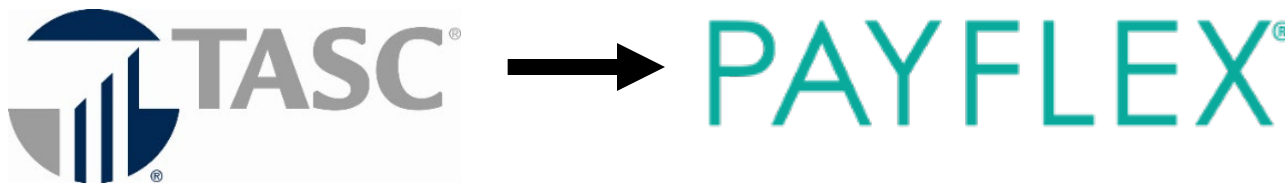
Current participants must authorize TASC to close your HSA and liquidate your entire HSA account balance (including investments) before transferring funds to PayFlex:

- **Jan. 10, 2022:** Your current TASC HSA debit card will shut off
- **Jan. 10 – 18, 2022: TASC HSA blackout period;** TASC HSA funds will be unavailable
- **Jan. 19, 2022:** TASC will transfer your HSA funds to PayFlex, and these funds will be applied to your new PayFlex account in 3-5 business days.
- **Jan. 26 – 27, 2022:** Your funds should be deposited in your new PayFlex HSA

What if I do not transfer my HSA funds, can I keep my TASC account?

Yes. If you do not transfer your current HSA funds, you will keep your same TASC account and debit card with Universal Benefit Bank. Your HSA will transition to an individual custodial account subject to monthly maintenance fees (max \$4.00 per month).

NOTE: Any employer seed money and pre-tax employee contributions for Plan Year 2022 will be deposited into new PayFlex account via payroll.



Key Takeaways

1. **Open Enrollment** is **October 15 – 30, 2021**
2. **ACTION IS REQUIRED** if you want to participate in HCFSA, DCFSA, or HSA next year. PayFlex will be our new vendor for all tax-favored accounts effective Jan.1.
3. **No Action is required** if you do not want to change medical, dental or vision coverages.
4. **Open Enrollment website** is www.hr.ua.edu/benefits/openenrollment. Virtual information sessions will be held with links to register on this website.

| Date | Location | Times | Topic |
|-------------------|----------------------|------------------|------------|
| Wednesday, Sep 29 | Virtual Zoom meeting | 10:00 – 11:00 AM | General |
| Monday, Oct 4 | Virtual Zoom meeting | 10:00 – 11:00 AM | HDHP / HSA |
| Tuesday, Oct 12 | Virtual Zoom meeting | 2:00 – 3:00 PM | General |