

Flex Plan News

Flexible Benefit Plan News for Administrators

January 2004

Health Savings Accounts (HSAs) Created by New Law

Our Analysis

The new Medicare legislation signed by President Bush on December 8, 2003 created Health Savings Accounts (HSAs).

HSAs allow participants in a High Deductible Health Plan (as defined) to set aside tax free dollars, available to reimburse eligible medical expenses and certain insurance premiums. These dollars can be invested, carried forward, and rolled over to subsequent employers. The HSA can be individually maintained or employer-sponsored through a cafeteria plan, with optional non-taxable employer contributions permitted.

We at **ProBenefits** believed HSAs would be a “Super FSA” with optimal features:

- No use-it-or-lose-it
- 100% carry forward
- Portability to future employers
- Expanded eligible expenses (finally including Long Term Care premiums!)
- Simplicity

After careful study of HSA plan design and related rules, we regrettably concluded that HSAs will be yet another case of “almost, but not quite”.

Please see our [HSA Information](#) online, and read our [ProBenefits HSA Analysis](#).



Quickies

◆ **Your Flex Plan for 2004**

Reenrollments for plan year 2004 are being processed quickly. Employers who responded by the 12/15/03 deadline will have smooth claims payments beginning 1/1/04. Otherwise, please inform employees that early claims may be delayed while processing is completed for your plan year 2004 renewal.

Your Questions Answered

How do HIPAA Privacy standards affect Flexible Benefit Plans?

The Medical FSA is a “health plan” under federal law, thus subject to HIPAA privacy rules.

These rules define Protected Health Information (PHI), those authorized to access such information, and an individual’s right to determine how such personal information is used or disclosed.

Practically speaking, here’s what it means to you, the Benefit Administrator:

- 1) **ProBenefits** will release PHI only to those certified by the Employer to receive it on behalf of the plan, typically the Benefits Administrator and perhaps the HR Manager.
- 2) **ProBenefits** will answer claims inquiries only to the participant, who will first be required to provide reasonable identification (date of birth, social security number, etc.) Our policy is to not release PHI to the spouse or dependent, or other persons such as administrative assistants or support staff.

For more information on **ProBenefits’** HIPAA Privacy policies, [click here](#). For your duties as a Plan Sponsor, [click here](#).

Material covered herein is for general information only, and not intended as legal or tax advice.

Copyright © 2004 by Professional Benefits Planning, Inc.