

Advisor

HCSP Refresher Training: Plan Basics

To help you brush up on your HCSP knowledge, we've compiled a list of frequently asked questions about the Plan. For more details, please visit the MSRS website at www.msrs.state.mn.us or contact the MSRS Service Center at 651-296-2761 or 1-800-657-5757.

What is the Health Care Savings Plan (HCSP)?

The HCSP allows you to invest money in a tax-free medical savings account while you are employed by a Minnesota public employer. Once you leave employment, the money you've accumulated is used for reimbursement of out-of-pocket health care expenses incurred by you, your spouse, legal dependents, and children up to their 26th birthday.

Why am I in this Plan?

For those covered by a bargaining unit, participation is negotiated or agreed upon by both a bargaining unit and employer and written into a collective bargaining agreement. For those not covered by a bargaining unit, Plan participation is agreed to by an employer and included in a written personnel policy. IRS rules require that all employees participate in the HCSP adopted by their employer or bargaining unit. Only negotiated and agreed upon contributions are allowed.

How are contributions invested?

Contributions are automatically invested in the Money Market Account unless you elect one or more of the other investment options offered. You can change how future contributions are invested or transfer all or a portion of your existing account balance among any of the investment options offered by the Plan (restrictions may apply). Changes can be made online at www.msrs.state.mn.us or by contacting the MSRS Service Center at 651-296-2761 or 1-800-657-5757.

When and how can I access the money in my account?

The HCSP is a post-employment account, meaning, you can access the dollars in the account to reimburse out-of-pocket medical expenses incurred after the date you retire or leave public employment. A list of eligible medical expenses is located on our website, www.msrs.state.mn.us.

To access your money, complete a *Reimbursement Request* form and submit it to MSRS along with documentation of the expenses incurred.

What if I die with money remaining in my account?

If there is a balance remaining in your account upon your death, it is automatically transferred to your spouse and/or legal dependents to use for tax-free reimbursement of eligible health care expenses. If you do not have a spouse or legal dependents, your designated beneficiaries can use the remaining balance for reimbursements. Reimbursements to a beneficiary are subject to state and federal income taxes. Please visit www.msrs.state.mn.us to name or change your designation online or to download the *Beneficiary Designation* form.

What else do I need to know?

- Reimbursements are always paid to you; MSRS **never** pays the provider or insurer directly.
- HCSP is a tax-free account. Contributions are not reportable on your income tax returns; reimbursements are not subject to state or federal income taxes.

**Annual Notice
enclosed with this
quarterly statement.**

**To learn more,
please see page 2
of this newsletter.**



Annual Notice Enclosed: What does it mean?

A notice regarding your benefits is enclosed with this quarterly statement. **Please be assured that this notice does not indicate there has been a change to your HCSP benefits.**

If it doesn't impact my benefits, then what does the notice mean?
As the result of Federal Health Care Reform, health insurance plans will no longer be able to impose annual or lifetime limits below a specific amount. This year the limit must be at least \$1.25 million. HCSP is exempt from this limit. We are, however, required to notify participants that the Plan is exempt from the requirement. If you have any questions about the notice, please contact the MSRS Service Center.



HCSP Reimbursements: Important Reminders



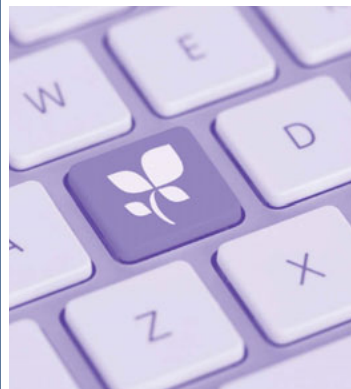
- If you receive monthly reimbursements of medical (including Medicare), dental, or long-term care insurance premiums, please notify MSRS of any premium or provider changes. To do that, submit a *Reimbursement Request* form along with documentation of your premium/provider change. The form can be obtained online at www.msrs.state.mn.us or by calling the MSRS Service Center.
- Turning age 65 soon? To request reimbursement of Medicare and/or supplemental insurance, please complete a *Reimbursement Request* form. For Medicare Part B, provide a copy of your Medicare card and the award letter from Social Security. For Medicare Part D or supplemental insurance, provide documentation indicating the premium amount.
- Effective January 1, 2012, the annual reimbursement limit has increased to \$25,000. The limit only applies to one-time expenses such as co-pays and deductibles. It does not include medical, dental, or long-term care insurance premium reimbursements.

Plan to contribute to a Health Savings Account (HSA) in 2012?

If both of the following conditions apply, your HCSP should only be used for reimbursement of vision and dental expenses:

1. During this calendar year, you or your employer, or your spouse or his/her employer will contribute to an HSA on your behalf; **and**
2. You are eligible to receive reimbursements from your HCSP because you retired or terminated employment

For more details, please visit www.msrs.state.mn.us > Health Care (HCSP) > HCSP/HSA Compatibility, or contact the MSRS Service Center at 651-296-2761 or 1-800-657-5757.



Go green! Save a tree and money

Consider electronic delivery of your HCSP quarterly statements and/or confirmations to a secure mailbox.

To sign up for e-delivery, log in to your Account Online at www.msrs.state.mn.us. Select "My Mailbox" and then "Mail Delivery Preferences."