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The Health Care Savings Plan (HCSP), administered by Minnesota State Retirement System, does not limit your ability to participate in multiple tax-advantage medical savings plans such as a Health Savings Account (HSA), Health Reimbursement Arrangement (HRA), or Flexible Spending Account (FSA). However, there are special concerns regarding the compatibility of an HSA with all other tax-advantaged medical savings plans, including the HCSP. Please review this FAQ to learn more about the interaction between the HCSP and an HSA.

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### Are the HCSP and HSA the same plan?

Although both are tax-advantaged medical savings accounts, they are different plans.

- The HCSP, administered by Minnesota State Retirement System, is an employer-sponsored tax-free account that can only be used for reimbursement of qualified medical expenses incurred after you leave employment.
- An HSA is a medical savings plan available to taxpayers who are enrolled in a high-deductible health plan (HDHP). Funds withdrawn are tax-free when used to pay for qualified medical expenses. Funds withdrawn for non-medical expenses are taxed as ordinary income and a 20 percent tax penalty may apply.

### Can I contribute to both an HCSP and HSA account?

Yes, but once you are **eligible to access your HCSP funds** because you retired or left Minnesota public employment, you may not be able to contribute to an HSA.

However, if your HCSP account is limited to the reimbursement of vision and dental expenses, you remain eligible to contribute to an HSA. IRS Revenue Ruling 2004-45 provides guidance on this matter.

### I'm eligible to access my HCSP but want to contribute to an HSA. What can be done?

If you, your spouse, or an employer wants to contribute to an HSA on your behalf during a calendar year in which you are **eligible to access your HCSP funds**, you should complete an HCSP *Reimbursement Suspension Election* form.

By completing the *HCSP Suspension Election* form, you acknowledge that:

- during this calendar year, HCSP reimbursements are limited to **vision and dental expenses**
- you can never be reimbursed for medical expenses incurred during the suspension period.
- the suspension expires at the end of the calendar year, after which time you cannot contribute to an HSA unless you suspend your HCSP access for another calendar year.

### Am I required to suspend my HCSP account?

We strongly encourage you to forgo reimbursements of medical expenses by completing the *Reimbursement Suspension Election* form, as we believe the suspension is in your best interest. Ultimately, the decision is yours; however, in the event of an audit, the burden of proof is on you, not MSRS. Please consult your tax advisor or financial professional to discuss your situation. To learn more, see IRS Revenue Ruling 2004-45.

### How long does an HCSP suspension election last?

Suspension elections are January 1 through December 31, after which time you cannot contribute to an HSA unless you suspend your HCSP access for another calendar year. The suspension cannot be modified or revoked during the calendar year in which it applies.

## Who does the suspension apply to?

Depending on the circumstances, a suspension election may apply to you (the participant), or your spouse and/or your dependents.

Who contributed to the HSA this calendar year?	Type of high-deductible health plan (HDHP)	The suspension applies to:
You or your employer	Self-only	You
	Family	You, your spouse & dependents
Your spouse or his/her employer	Self-only	Your spouse
	Family	You, your spouse & dependents

### Once my suspension expires, can I be reimbursed for expenses incurred during the suspension period?

No. Reimbursements can be requested for expenses incurred starting January 1 of the year following the end of the HCSP reimbursement suspension election period.

### I contributed to an HSA this calendar year but am still working for the employer that sponsored my HCSP. Do I need to suspend my HCSP?

No. The suspension only applies if you are **eligible to access** your HCSP. Since you are still working for the public employer who sponsored your HCSP, you are not eligible to request reimbursements.

### A contribution was made to my HSA before I retired; no further HSA contributions will be made. Must I suspend reimbursements?

It doesn't matter whether the contribution occurred before or after your retirement. If there was a contribution to an HSA during the calendar year you became eligible to access your HCSP, you should complete the *Reimbursement Suspension Election* form for that calendar year.

### I contributed to an HSA this calendar year. Can I "spend down" the HSA so I am able to access my HCSP?

No. Once a contribution has been made to an HSA during a calendar year in which you have access to your HCSP, your HCSP account is limited to the reimbursement of vision and dental expenses. You must suspend your HCSP for the entire calendar year.

### If I will have no further HSA contributions this calendar year, can I revoke my reimbursement suspension election?

No. You cannot modify or revoke a reimbursement suspension election during the current calendar year.

### Does the compatibility of the HCSP and HSA prevent me from accessing money from both accounts in the same calendar year?

- During a calendar year in which there are contributions to your HSA, the HCSP can only be used for reimbursement of vision and dental expenses.
- During a calendar year in which there are NO contributions to HSA, you can request reimbursements from either the HCSP or HSA account, provided it is not for the same medical expense.



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