

# Health Savings Account (HSA) Medical Plan

## ORACLE US BENEFITS FREQUENTLY ASKED QUESTIONS

A health savings account (HSA) paired with a qualifying high-deductible health plan (HDHP) helps individuals and families plan, save, and pay for health care. This FAQ document can assist you with general answers to your questions about the Oracle HSA Medical Plan.

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## OVERVIEW

### What is a health savings account (HSA)?

Health savings accounts (HSAs) are designed to help you save for future qualified medical and retiree health expenses. Generally speaking, contributions to a health savings account (HSA) are exempt from federal tax and in most cases are exempt from state tax<sup>ii</sup> as well. This account can be used to pay for current and future qualified medical expenses for certain eligible individuals including you, your spouse, and your tax dependents.

Contributions can be made up to the annual limits established by the IRS. If you use your HSA funds to pay for qualified medical expenses, you pay no federal income tax when you withdraw funds (defined by the IRS as distributions). Additionally, you may accumulate interest in your account tax-free for federal tax purposes and in most states<sup>ii</sup>. Contributions are exempt from federal tax and in most cases are exempt from state tax<sup>ii</sup> as well. Each state can decide to follow the federal tax guidelines for HSAs or establish its own. **Please consult a tax advisor regarding your state’s rules or visit your state’s Department of Revenue office for more information.**

### Do I need to enroll in the HSA Medical Plan to open and contribute to the Oracle sponsored health savings account (HSA)?

Yes—to open and contribute to a health savings account (HSA), IRS rules require you to enroll in a qualified high deductible health plan (such as Oracle’s HSA Medical Plan). If you would like to open and contribute to the health savings account (HSA) sponsored by Oracle and receive the Oracle company contribution (“seed”)—you must enroll in the Oracle HSA Medical Plan. The two plans work together—when you select the HSA Medical Plan and you complete the HSA Affirmation Statement, your personal health savings account (HSA) is automatically established. If you do not complete the HSA Affirmation Statement, an HSA account will not be set up and you are not eligible to receive the HSA employer seed. (See “What happens after I enrolled in the HSA Medical Plan and elected to make pre-tax contributions toward my HSA?” for more information.) Enrollment in other medical plans such as the HMO, PPO, or EPO disqualifies you from opening and contributing to a health savings Account (HSA). Enrollment in the Oracle Dental and/or Vision plans are permissible and do not disqualify you from opening and contributing to a health savings account (HSA).



## What happens after I enrolled in the HSA Medical Plan and elected to make pre-tax contributions towards my HSA?

Your HSA medical enrollment information will be sent to UnitedHealthcare after your elections have been submitted. Your HSA employer seed contribution and if applicable, employee pre-tax contributions, will be sent to Optum Bank after your new hire enrollment period ends, which is 30 days from your date of hire with Oracle—provided that your Health Savings Account is open and active with Optum Bank. If you first participate in the HSA Medical Plan on November 15 or later, you will not be able to make payroll contributions or receive an Oracle HSA contribution for the remainder of that year. Thereafter, at the beginning of each Plan Year, you may contribute to the HSA and Oracle will contribute to your HSA so long as you are enrolled in the HSA Medical Plan.

## When will I see my HSA employer seed and employee pre-tax contributions on my Oracle paycheck and with Optum Bank?

Once Optum Bank has confirmed that your account is open, your HSA employer seed and employee pre-tax contributions will be sent to Oracle Payroll for processing. **NOTE:** Your HSA employee pre-tax contributions will be prorated based on the remaining pay periods left in the year at the time your account is opened. The HSA monies will post to your Optum Bank account within 2-4 business days following the end of each pay period. If you first participate in the HSA Medical Plan on November 15 or later, you will not be able to make payroll contributions or receive an Oracle HSA contribution for the remainder of that year. Thereafter, at the beginning of each Plan Year, you may contribute to the HSA and Oracle will contribute to your HSA so long as you are enrolled in the HSA Medical Plan.

## How does the health savings account (HSA) compare to the General and Limited Purpose Health Care Flexible Spending Accounts (FSAs)?

At a glance—you can view key program elements and how they are treated under a health savings account. For additional information, review Optum Bank’s Health Account Comparison.

Program Element	Health Savings Account (HSA)	Health Care FSA (General Purpose)	Health Care FSA (Limited Purpose)
Pre-Tax Dollars Can Be Used For Qualified Expenses*	Yes (Medical, Dental & Vision)	Yes (Medical, Dental & Vision)	Yes (Dental & Vision)
Funds Can Be Used for Any Purpose**	Yes	No	No
Employees May Contribute to Account	Yes	Yes	Yes
Oracle Contributes to Account	Yes	No	No
Account Balance Rolls Over Each Year	Yes – Entire Account	****Yes “Carry Over Provision”	****Yes “Carry Over Provision”
Investment Options With Tax-Free Growth	Yes	No	No
Account Belongs to Employee	Yes	No	No



Catch Up Contribution	Yes ***Age 55+ Additional \$1,000/Year	No	No
Annual Contribution Limits (2024)	Individual: \$4,150 Family: \$8,300 Add \$1,000 “Catch Up” if Eligible	\$3,050	\$3,050

\* Contributions are exempt from federal tax and in most cases are exempt from state tax<sup>ii</sup> as well. Each state can decide to follow the federal tax guidelines for HSAs or establish its own. **Please consult a tax advisor regarding your state’s rules or visit your state’s Department of Revenue office for more information.**

\*\* Distributions for non-qualified healthcare expenses are taxable and except in the case of distributions after death, disability, or age 65, are also subject to a 20% penalty.

\*\*\* Catch up contribution applies to individuals who are age 55+ or turning age 55 in the plan year (including December 31).

\*\*\*\*For Health Care FSA’s, Oracle adopted the carryover provision which enables you to make an annual contribution up to the maximum amount of \$3,050 and carryover up to \$610 of any unused money from the prior year. This means, if you are enrolled in a General or Limited Purpose Health Care Flexible Spending Account and do not have sufficient expenses to exhaust your contribution balance, any unused 2023 contributions, up to \$610, will be carried over into 2024.

## ELIGIBILITY

### What are the basic eligibility requirements to participate in a health savings account (HSA)?

Health savings account (HSA) eligibility rules are regulated by the Internal Revenue Service. Generally, to open and contribute to an HSA you must meet the requirements listed below. Additionally—you may refer to [IRS Publication 969](#) for more information.

- Must be enrolled in an IRS qualified High Deductible Health Plan (HDHP)—such as Oracle’s HSA Medical Plan
- Do not have other coverage under a non-qualified medical plan (e.g., a spouse’s HMO or PPO)
- Are not enrolled in a non-high deductible health plan such as the Oracle UHC Choice Plus PPO Plans, EPO, or Kaiser Permanente HMO Plans
- Are not (nor is your spouse) contributing to a General Purpose Health Care Flexible Spending Account (FSA) or Health Reimbursement Account (HRA)
- Are not eligible to be claimed as a dependent on someone else’s tax return
- Are not enrolled in Medicare
- Are not enrolled in TRICARE or TRICARE for Life
- Have not received Veterans Administration (VA) benefits within the past three months, except for preventive care



- If you are a veteran with a disability rating from the VA, this exclusion does not apply
- Receipt of VA financial compensation (e.g., disability benefits) does not disqualify you from opening / contributing to a HSA

**IMPORTANT:** Other restrictions and exceptions also apply. We recommend that you consult a tax, legal or financial advisor to discuss your personal circumstances prior to electing the Oracle HSA Medical Plan.

## **My tax dependent child is covered on my spouse’s non-qualified IRS High Deductible Health Plan (HDHP). Am I eligible to contribute to a health savings account (HSA)?**

Yes, provided you are NOT enrolled in your spouse’s non-qualified High Deductible Health Plan (HDHP) you may contribute to a health savings account (HSA) and use it to cover the qualified medical expenses of your spouse and tax dependent child.

## **How is my Domestic Partner treated for purposes of health savings account (HSA) eligibility and Oracle’s company contribution (“seed”)?**

To the extent possible, Oracle makes every effort to treat Domestic Partners as a spouse. As such—for purposes of the Oracle seed, your medical plan coverage level (including your covered Domestic Partner) will be applied when determining your Oracle seed amount. Visit the [HSA Medical Plan Resource Center](#) to view the Oracle seed table. Additionally, there is a potential savings advantage that Domestic Partners have with respect to allowable annual contributions. Provided each partner meets the eligibility requirements to participate in a health savings account (HSA) and you cover your partner on Oracle’s HSA Medical Plan, you may both contribute up to the IRS annual family contribution maximum.

When you enroll in the HSA Medical Plan, your account is established with [Optum Bank](#) and automatic payroll deductions fund your account based on your contribution election. Your Domestic Partner is required to independently open a health savings account (HSA) in his / her name and make direct contributions to the bank he / she elects. Click [HERE](#) to walk through the process of opening an account if needed. You cannot use your health savings account (HSA) to pay for the qualified medical expenses of your Domestic Partner (unless your Domestic Partner is a dependent under Code 152).

## **Do I need to be a United States citizen to open and contribute to a health savings account (HSA)?**

In general, you must be a United States citizen, green card holder, or a United States resident to participate. A health savings account (HSA) cannot be opened without a verifiable United States residential address and a valid United States Social Security Number. As long as you have a verifiable United States residential address and pass the account set-up vetting process, you can establish an account. To view more information about eligibility and account set up requirements you can visit the [Optum Bank website](#). You would NOT apply for your personal account using this website—however it provides information that may help you determine eligibility.



## CONTRIBUTIONS

### Who can contribute to my health savings account (HSA)?

In addition to yourself and your employer, friends and family may contribute to your health savings account (HSA). Contributions from ALL sources count towards the annual IRS contribution maximum and any tax benefits apply to you.



### What are the health savings account (HSA) contribution limits?

Health savings account (HSA) contribution limits are set by the IRS and may change from year to year. The combined contribution limits from all sources (employer, employee, friends, and family) are listed in the table below. There is no annual minimum contribution amount. You make your annual contribution election within the [Oracle US Benefits Enrollment system](#). You may change your annual election at any time during the year up to November 15 by selecting a new annual amount within the [Oracle US Benefits Enrollment system](#). Once you make your change it will become effective on the first of the month following your election. If you first participate in the HSA Medical Plan on November 15 or later, you will not be able to make payroll contributions or receive an Oracle HSA contribution for the remainder of that year. Thereafter, at the beginning of each Plan Year, you may contribute to the HSA and Oracle will contribute to your HSA so long as you are enrolled in the HSA Medical Plan. See the table for contribution limits.

Medical Plan Election Coverage Tier	Contribution Maximum (Excluding Catch-Up)	Contribution Maximum (Including \$1,000 Catch-Up)
<b>2024</b>		
Employee Only	\$4,150	\$5,150
Family*	\$8,300	\$9,300
<b>2023</b>		
Employee Only	\$3,850	\$4,850
Family*	\$7,750	\$8,750

(\*Family = Employee + 1 or more dependents)



## Can I make contributions to my health savings account (HSA) this year and have it count towards my prior plan year contributions?

Yes, you can make contributions to your health savings account (HSA) until the tax filing deadline of the current year (April 15<sup>th</sup>, 2024) and have the contributions applied to the prior year.

**For example**—you can make a contribution on April 10<sup>th</sup>, 2024 and have those monies counted towards 2023. Log in to your account with [Optum Bank](#) to view information on how to make deposits into your account. Online deposits need to be made by April 10<sup>th</sup> to ensure adequate processing time. The Bank will however accept mail that is postmarked by April 15<sup>th</sup>.

## What is a health savings account (HSA) “catch up” contribution and who is eligible?

This feature allows employees who are age 55 and older (or turning 55 this year) the ability to make an additional \$1,000 health savings account (HSA) contribution each year. Therefore, an individual may contribute up to the annual maximum plus an additional \$1,000. If you are eligible for the catch up and would like to contribute up to this greater maximum, you may make an annual election depending on your eligibility. To initiate automatic payroll deduction—simply elect your annual contribution using the [Oracle US Benefits Enrollment system](#). Your total annual election will be deducted from your paycheck in equal installments throughout the year.

## If my spouse and I are both over age 55—what is the maximum catch-up opportunity?

If you and your spouse are both 55 year old or more, you can both contribute an additional \$1,000. However, your spouse must have his / her own health savings account (HSA) to contribute the additional \$1,000. As an Oracle employee—you can contribute \$1,000 of catch up contributions to your account, not \$2,000.

## Can I contribute the full IRS maximum amount if I enroll in the HSA Medical Plan after January 1?

Yes, you are allowed to contribute the maximum amount set by the IRS however you must enroll in the HSA Medical Plan prior to December 1 and remain enrolled in the plan until December 31 of the following year. This is referred to as the “13 Month Rule”. If you do not meet these requirements, the excess contributions will be included in your gross income and an additional tax of 10% will apply to the excess contributions. Please refer to [IRS Publication 969](#) for more information and details. **NOTE:** If you first participate in the HSA Medical Plan on November 15 or later, you will not be able to make payroll contributions or receive an Oracle HSA contribution for the remainder of that year. Thereafter, at the beginning of each Plan Year, you may contribute to the HSA and Oracle will contribute to your HSA so long as you are enrolled in the HSA Medical Plan.

## Does Oracle contribute to my health savings account (HSA)?

Yes, although the IRS does not require companies to contribute to employee accounts, Oracle makes a contribution (“seed”) to your health savings account (HSA) every year. Oracle’s seed counts towards the annual IRS contribution maximum and is exempt from federal tax. In most cases, Oracle’s seed is exempt from state<sup>ii</sup> tax as well. Each state can decide to follow the federal tax guidelines for HSAs or establish its own. Please consult a tax advisor regarding your state’s rules or visit your state’s Department of Revenue office for more information.





## How do I determine the amount of my Oracle company contribution (“seed”)?

The seed structure is set up to provide benefits that align with your income level and the dependents covered on your medical plan.

The table below reflects the annual amount that Oracle contributes each year (Effective 1/1/17).

Medical Plan Coverage Level	Benefits Salary < \$75K	Benefits Salary* \$75K - \$150K	Benefits Salary* > \$150K
Employee	\$950	\$650	\$350
Employee + Spouse / DP	\$1,450	\$1,000	\$550
Employee + Child(ren)	\$1,450	\$1,000	\$550
Family	\$1,900	\$1,300	\$700

\* **NOTE:** The middle tier applies to salaries \$75k - \$150k (inclusive). The third tier applies to salaries of \$150,000.01 and above.



### Employees eligible for January 1 Company Contribution (“Seed”):

For continuing HSA Medical Plan members and employees who elect the plan for the first time during the annual Open Enrollment period **and who enroll by completing the HSA Affirmation Statement**, the seed is made with the first payroll in January. Monies are deposited into personal HSAs approximately 3-5 business days following the January 15 pay period.

### Mid-Year New Hire:

If you are a mid-year new hire, your seed is calculated based on the first of the month following the effective date of new hire / qualified family status change. See below for an example.

- Your hire date is May 23—therefore June 1 is your seed effective date
- Your prorated period is 7 months
- Based on your medical plan coverage and Benefits Compensation<sup>1</sup>, the full year seed you are eligible for is \$1,900
- The amount you are eligible to receive is:
  - \$1,900 divided by 12 months = \$158 per month
  - 7 months x \$158 = \$1,108
  - Your Total Oracle Seed: \$1,108



## When does Oracle deposit the Oracle company contribution (“seed”) into my health savings account (HSA)?

Currently, Oracle’s seed is “front-loaded”. For continuing HSA Medical Plan members and employees who elect the plan for the first time during the annual Open Enrollment period (provided that your Optum Bank account is open / active), the Oracle employer seed contribution will post 3-5 business days following the January 15 pay period. Employees who are hired mid-year and / or experience an IRS qualified family status change event will see the Oracle employer seed contribution post 3-5 business days following the pay period the seed is applied to. If you first participate in the HSA Medical Plan on November 15 or later, you will not be able to make payroll contributions or receive an Oracle HSA contribution for the remainder of that year. Thereafter, at the beginning of each Plan Year, you may contribute to the HSA and Oracle will contribute to your HSA so long as you are enrolled in the HSA Medical Plan.

## If I have a qualified family status change event and my coverage level increases from “Employee Only” to “Family” will Oracle contribute an additional seed amount to my health savings account (HSA)?

Yes, if your coverage level increases due to a qualified family status change—your Oracle seed will be adjusted accordingly. The additional amount will be calculated by pro-rating the amount across the remaining months in the year.

See example:

Coverage Level	Effective Date	Oracle’s Annual Seed	Pro-Rated Adjustment	
Employee	Jan 1 – June 30	\$650	$(\$650 / 12) \times 6 \text{ months}$	(+) \$325
Family	Jul 1 – Dec 31	\$1,300	$(\$1,300 / 12) \times 6 \text{ months}$	(+) \$650
<b>Total Calendar Year Seed</b>				<b>= \$975</b>
<b>Seed Amount Employee Previously Received in January</b>				<b>(-) \$650</b>
<b>Additional Seed Amount Due</b>				<b>\$325</b>

## What happens if I have a qualified family status change and my coverage decreases from family to single? Does Oracle withdraw money from my health savings account (HSA)?

No, once money is posted to your health savings account (HSA), it is yours and will not be adjusted down if your family status reduces.

## What happens after I have elected my HSA Medical Plan and added an amount to deduct toward my HSA employee pre-tax contribution account?

Your HSA Medical Plan enrollment information will be sent to UnitedHealthcare after your elections have been submitted. Your HSA employer seed contribution and if applicable, employee pre-tax contributions, will be sent to Optum Bank after your new hire enrollment period ends (which is 31 days from your hire date with Oracle—provided that your Health Savings Account is open and active with Optum Bank). If you first participate in the HSA Medical Plan on November 15 or later, you will not be able to make payroll contributions or receive an Oracle HSA contribution for the remainder of that year. Thereafter, at the beginning of each Plan Year, you may contribute to the HSA and Oracle will contribute to your HSA so long as you are enrolled in the HSA Medical Plan.



## **I am on a leave of absence when the annual Oracle company contribution (“seed”) is paid. Am I still eligible to receive it?**

Yes, you are eligible to receive the annual company seed upon your return from leave. **If your circumstances result in you not returning from your leave, you will be ineligible to receive the seed.**

Immediately following your return from leave and no later than December 1, you are required to initiate your seed payment by sending an email to [Oracle US Benefits](#). In your email, you are required to request the seed and provide your return to work date. The seed will be paid within 1-2 pay periods following receipt of your email. If you do not notify Oracle US Benefits by December 1, you may be ineligible for the seed payment.

## **I am on a maternity leave of absence and have added my newborn to my HSA Medical Plan. Am I eligible to receive an additional Oracle company contribution (“seed”)?**

You are eligible to receive an additional seed if your HSA Medical Plan coverage level increases (e.g., your coverage tier increases from “EE + Spouse” to “Family”). The seed is paid upon your return from your leave. **If you do not return from your leave, you will be ineligible to receive the seed.**

Immediately following your return from leave and no later than December 1, you are required to initiate your seed payment by sending an email to [Oracle US Benefits](#). In your email, you are required to request the seed and provide your return to work date. The seed will be paid within 1-2 pay periods following receipt of your email. If you do not notify Oracle US Benefits by December 1, you may be ineligible for the seed payment.

## **Is Oracle’s contribution (“seed”) immediately vested?**

Yes, the Oracle seed is immediately 100% vested—there is no vesting schedule.

## **What salary is used to determine Oracle’s contribution (“seed”) amount?**

For purposes of Oracle’s seed, your Oracle Annual Benefits Compensation<sup>1</sup> is used. This is the compensation used to calculate your Life Insurance, Accidental Death & Dismemberment, and Long Term Disability benefits.

## **If I receive a salary increase will Oracle’s contribution be adjusted?**

Your Annual Benefits Compensation<sup>1</sup> is updated once a year and mid-year salary increases or decreases are reflected January 1 of the following year. For example, if your compensation increases from \$80,000 to \$85,000 in July 2024, your Benefits Compensation<sup>1</sup> will be updated as of January 1, 2025.

## **How often will my personal health savings account (HSA) deductions occur and when can I access my money?**

Your personal health savings account (HSA) contributions are processed in alignment with Oracle’s semi-monthly payroll cycle. If you choose to contribute to your health savings account (HSA), your annual contribution election is divided equally between the remaining payroll cycles in the year.

**For example**, if you elect to contribute \$2,400 for the year—your per-pay-period deduction for a full calendar year is \$100 ( $\$2,400 / 24$ ).

Just like your own personal savings and / or checking account, you will have access to your funds once they are posted to your bank account. Monies are posted to your health savings account (HSA) as soon as administratively possible—generally 3-5 business days after the payroll date. If you use your health savings account Debit MasterCard® to pay for an expense that exceeds your account balance—the transaction will decline—please plan accordingly.

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## Does Oracle monitor my contributions to ensure my annual amount doesn't exceed the limit?

Based on your enrollment election and entry into the plan, your per-pay-period deductions are calculated such that you will not exceed the maximum limits. However, the Oracle US Payroll Department is not monitoring your contributions and will not stop contributions should you exceed limits. Additionally, Oracle does not have visibility to contributions that you or other people make directly to Optum Bank. It is up to you to ensure contributions from ALL sources do not exceed the annual contribution limit.

## Is there a penalty if I exceed the annual IRS contribution limit?

Yes, if you contribute more than the allowable amount to your health savings account (HSA) you will have to count the extra amount as taxable income and pay a 6% excise tax.

## Can I correct my account if I've exceeded the annual IRS contribution limit?

Yes, to avoid an excise tax for exceeding the annual IRS contribution limit, view the [Optum Bank website](#) for information and resources. Such excess funds for a calendar year generally must be distributed before the tax filing deadline (e.g., April 15 of the following year). The excise tax is intended to be cumulative and continues in future years if the excess funds are not distributed or you contribute less than the maximum limit during subsequent years.

## May I increase and / or decrease my health savings account (HSA) contribution throughout the year?

Yes, you may change your health savings account (HSA) contribution at any time throughout the year up to the contribution limits. There is no minimum contribution. You initiate changes using the online [Oracle US Benefits Enrollment system](#). Your change will be reflected on the first payroll of the month following your election. Changes on or after November 15 of the current plan year are not permitted due to year end payroll timing.

**For example**, if you change your election on May 24—you will see the change on your June 15 paycheck.

**Note:** If you decrease your contribution amount to a level that is lower than the amount you have already contributed, your deductions will stop. You will not, however, receive a refund for the difference. For example—if in October your year-to-date contribution is \$2,000 and you reduce your annual contribution to \$1,500—your contribution deduction will stop but you will NOT receive a refund for the differential of \$500.

## Can I make a lump sum contribution to my health savings account (HSA)?

You are not able to make a lump sum pre-tax Oracle payroll contribution to your health savings account (HSA). Contributions are based on the annual election that you make, and that amount is divided and deducted equally among the remaining payrolls in the year. However, you can make a lump sum contribution directly with the bank. The contribution will be made on an after-tax basis, and you may claim a deduction when you file your tax return. Visit the [Optum Bank website](#) for more information about making contributions.

## If I end my employment with Oracle, may I still contribute to my health savings account (HSA)?

Your eligibility to contribute to your health savings account (HSA) is not dependent on your employment status with Oracle. But you do need to meet eligibility requirements (such as being enrolled in an IRS qualified High Deductible Health Plan) in order to continue with your health savings account (HSA) contributions.



Please visit the [HSA Resource Center](#) to view detailed eligibility information. Additionally, if you leave Oracle, your entire account balance (including the seed) belongs to you, and you can:

1. Keep your health savings account (HSA) at [Optum Bank](#)
2. Transfer your funds to another qualifying health savings account (HSA) within 60 days of withdrawing the funds from [Optum Bank](#) to avoid taxes and an additional 20% penalty

### **What happens to my unused health savings account (HSA) balance?**

Any unused portion of your health savings account (HSA) continues to accumulate in your interest-bearing bank account. Claim reimbursements are not tied to the year in which they are incurred. For example, if you have a \$100 expense that you incur this year, you can save that expense and obtain reimbursement later in the year or any subsequent year thereafter.

### **During the annual Open Enrollment period I discontinued my enrollment in the HSA Medical Plan. Do I need to make an additional election change to stop my health savings account (HSA) deductions?**

No, by virtue of discontinuing your enrollment in the HSA Medical Plan, your current contribution election will be changed to \$0 and you will not receive the Oracle company contribution (“seed”).

### **I have an existing qualified health savings account (HSA), can I rollover my balance into my Oracle HSA?**

Yes, if you have an existing qualified health savings account (HSA) you may transfer the balance into your Oracle health savings account. [Click HERE to access the Rollover Form.](#)

### **I have an existing health savings account (HSA) with [Optum Bank](#). Will I need to open a separate account to receive the Oracle company contributions (“seed”)?**

No, your current Optum Bank account will automatically become attached to Oracle and your allotted seed will be deposited into your account.



## EXPENSES & DISTRIBUTIONS

### What types of expenses can be reimbursed / paid from my health savings account (HSA)? What is a qualified medical expense?

Your health savings account (HSA) can be used to pay for qualified medical expenses defined by the IRS (Publication 502). Keep in mind that the qualified medical expenses can change from time to time and may be different than expenses eligible under Oracle's HSA Medical Plan. Health savings account (HSA) dollars used for non-qualified expenses are subject to tax and penalties—so be very careful about ensuring your health savings account (HSA) is used for allowable expenses only. Also, it is very important that you maintain receipts for ALL expenses you apply to your account. In the event of a tax audit, you will be required to show proof of qualified medical expenses.

#### Common Qualified Expenses Include

- Doctor's office visits
- Dental care and braces
- Eyeglasses, contacts and LASIK surgery
- Prescription medications
- Acupuncture
- Chiropractic services
- Doctor's office visits (non-preventive care)

#### Common Non-Qualified Expenses Include

- Over-the-counter drugs (unless prescribed by a doctor)
- Advance payment for future medical care
- Amounts reimbursed from another source such as a health plan or Health Plan FSA
- Cosmetic surgery (unless due to trauma or disease)
- Child care for a healthy baby
- Funeral expenses
- Health club dues
- Maternity clothes
- Toiletries
- Swimming lessons
- Weight loss programs not prescribed to treat a specific disease



**Refer to the resources below for additional information regarding included / excluded medical expense**

- [Internal Revenue Service](#)
- [Optum Bank—Qualified / Non-Qualified Expenses List](#)



## How do I access my account to pay for qualified medical expenses?

There are several ways you can access your account to pay for qualified medical expenses—including

- Using your health savings account (HSA) Debit MasterCard® to pay for a service or prescription
- Withdraw funds at an ATM using your health savings account (HSA) Debit MasterCard®
- Write a check to yourself (you may order checks from [Optum Bank](#))
- Use the [Optum Bank](#) online bill payment service

When using these methods be sure to couple your withdrawal documentation with the receipt of the qualified expense.

## May I use my health savings account (HSA) to pay for my spouse's qualified medical expenses if they are not enrolled in an IRS qualified High Deductible Health Plan (HDHP)?

Yes, if your spouse isn't enrolled in an IRS qualified High Deductible Health Plan (HDHP) you may use your health savings account (HSA) to pay for their qualified medical expenses.

## May I use my health savings account (HSA) to pay for my adult child's (child to age 26) qualified medical expenses?

Your dependent children up to age 26, regardless of residence and student or marital status, may be covered on your Oracle medical, dental, and vision plans. However, unless your child is a dependent under Internal Revenue Code Section 152, you cannot use your health savings account (HSA) to pay for the qualified medical expenses of your "adult child". You can independently open a health savings account (HSA) in your child's name and make direct contributions to the bank (see question "How can I open up a health savings account (HSA) for my domestic partner and / or adult children?").

## Will I receive a Debit MasterCard® to pay for qualified medical expenses at point of sale?

Yes, you will receive one card in your name. You may request additional cards by contacting Optum Bank. A new Debit MasterCard® will not be issued until it expires. Debit MasterCards® are not de-activated if you change medical plans or leave Oracle.

## May I use my health savings account (HSA) balance to pay for qualified medical expenses if I enroll in a non-qualified High-Deductible Health Plan (HDHP) at a future date?

Yes, health savings account (HSA) funds can be removed tax-free for qualified medical expenses for you or a tax dependent at any time, regardless of whether you or your tax dependent(s) are enrolled in an IRS qualified High Deductible Health Plan (HDHP). However, if you are not enrolled in a qualified High Deductible Health Plan (HDHP), you cannot continue to contribute to your health savings account (HSA).

Additionally, if you are contributing to the general purpose Health Care Flexible Spending Account (FSA), you should "turn off" the FSA auto-reimbursement feature. The default payment method is automatic reimbursement, which means eligible UHC medical, dental, and vision expenses will AUTOMATICALLY be reimbursed from your Health Care FSA unless you "opt out". You can "opt out" by contacting UHC or visiting [www.myuhc.com](http://www.myuhc.com). If you do not "opt out," auto reimbursement could lead to double reimbursement if you are



using your health savings account (HSA) funds to pay for expenses and are reimbursed automatically from your Health Care FSA.

## **What happens if I use my health savings account (HSA) for non-qualified medical expenses?**

Withdrawals for non-qualified medical expenses are subject to income tax and a 20% penalty. The 20% penalty does not apply if the withdrawal is made after you die, are disabled, or reach age 65.

## **Can I return money to my health savings account (HSA) if I erroneously use my account to pay for non-qualified medical expense(s)?**

Withdrawals made for what you thought were qualified medical expenses, but turned out not to be, can be returned to your health savings account (HSA) if you made the withdrawal in error. You can return the funds to your account to avoid the tax and penalty, by completing the “[Withdrawal Correction Form](#)”. This form must be received by [Optum Bank](#) by the current year tax filing deadline (e.g., April 15) for withdrawals made in error in the prior year.

## **Do Oracle’s vendor partners, such as UnitedHealthcare and Optum Bank monitor my account so that I don’t erroneously use my Health Savings Account (HSA) to pay for non-qualified medical expenses?**

Oracle’s vendor partners are responsible for the overall administration of the HSAs of Oracle employees, however they do not monitor or review expenses to ensure they are qualified medical expenses. Oracle, UnitedHealthcare, or Optum Bank are not responsible or liable for misuse of HSA funds or for the use of funds for non-qualified health expenses. It is your responsibility to verify and it is highly recommended that you maintain copies of your expense receipts. In the event of a tax audit, you will be required to show proof of qualified medical expenses.

## **I am approaching age 65 and need to know more about how that impacts my HSA Plan and HSA account?**

There are a couple of things that you need to know! If you are enrolled in Medicare (any Part), you are not eligible to contribute to an HSA. You can still remain on the high deductible HSA Plan and you can still use the existing balance in your HSA to pay for qualified medical expenses, you just can’t contribute to the HSA anymore. Given the complexities of Medicare, we also encourage you to connect with [CareCounsel](#), a health advocate there to help you with Medicare questions. Specialist may be reached at 877-519-6084 (select option 2).

## **Can I take a loan from my health savings account (HSA)?**

No. You may not borrow against your health savings account (HSA).

## **I have qualified medical expenses incurred prior to my enrollment in the plan. Can I obtain reimbursement from my health savings account (HSA)?**

There is no time limit on when you submit your expenses. However, the expense incur date must be on or AFTER the date that your health savings account is opened. As such, any expenses prior to the date in which your health savings account (HSA) is opened would be ineligible for reimbursement.





## How long should I keep the receipts for my qualified expenses?

It is advised that you keep your receipts indefinitely. In the event that you used your own money to pay for the expense, you can at a later time reimburse yourself from your health savings account (HSA). Additionally, the IRS may request receipts during a tax audit and you will need to present receipts for the expenses you withdrew from your account. Oracle, UnitedHealthcare, or Optum Bank are not responsible or liable for misuse of HSA funds or for the use of funds for non-qualified health expenses.

## What kind of receipt do I need to keep? Is an Explanation of Benefits (EOB) sufficient?

The regulations do not provide specific guidelines as to what information is needed on your receipts. However, the receipt must reflect the date of expense and the expense amount. The amount of the expense should always tie to the amount you withdrew from your health savings account (HSA). An EOB would not be appropriate because although it reflects the amount for which the patient is responsible, it does not reflect proof of payment.

## Is there a way to save my receipts online with my Optum Bank account?

Yes you can, and it is easy to do. Simply log in to your [Optum Bank](#) account to upload and save images of your receipts for qualified medical expenses.

## BANK ACCOUNT & INVESTMENTS

### Does my health savings account (HSA) earn interest?

The money that you contribute to your health savings account (HSA) is posted to an individual interest-bearing account that belongs to you and is FDIC-insured. Interest rates can be found on the [Optum Bank website](#).

### May I invest my health savings account (HSA)?

Once your account reaches a minimum balance of \$2,000, you have the opportunity to invest in one or more of Optum Bank's standard mutual fund offerings. Mutual fund earning and losses are NOT FDIC-insured. Investing in mutual funds is voluntary and is not a requirement to contribute to a health savings account (HSA). The funds are selected and managed by Optum Bank in accordance with their formal Investment Policy.

When you make a transfer to your investment account, the amount of the transfer cannot bring the balance of your HSA below the \$2,000 minimum balance. The minimum amount you may transfer to your investment account is \$100. You can't make payment for qualified medical expenses directly from your investment account. If you wish to use funds from your investment account to make payments, you'll have to transfer funds from your investments back into your HSA. For more information about investment opportunities—please visit the [Optum Bank website](#).





### **Are there bank account fees and if so, who pays for them?**

Yes, the bank charges a monthly administrative account fee of \$3 for account balances less than \$5,000.

Currently, Oracle pays these fees on behalf of active employees regardless of the medical plan option you are currently enrolled in. If you terminate employment with Oracle and choose to keep your account open—fee responsibility will be shifted to you. In addition to the monthly administrative fee, the bank has fees for certain transactions and services including ATM withdrawals and outbound transfer fees. You are responsible for these additional fees. Visit the [HSA Resource Center](#) to view Optum Bank’s Schedule of Fees.

### **Are there physical OptumBank branch locations that I can go to?**

Physical branch locations are not available. However, the bank has a toll-free customer service number that you can call weekdays (866.234.8913) and offers online account access and transaction capability. Visit the [Optum Bank website](#) to view information and service capabilities.

### **I was enrolled in the HSA Medical Plan previously but have now changed to the PPO Medical Plan—what happens to my health savings account (HSA)?**

If you change to a different Oracle medical plan option, you can keep your health savings account (HSA) at Optum Bank. Oracle continues to pay for the monthly bank account fee for active employees, even if you are not enrolled in the HSA Medical Plan. You may continue to use your existing account balance to pay for qualified expenses. See “Are there bank account fees and if so, who pays for them?” for more information on fee responsibility if you terminate employment.



## How can I open up a health savings account (HSA) for my domestic partner and / or adult children?

You may open up a health savings account (HSA) for your domestic partner and / or adult children with Optum Bank or any financial institution that offers these accounts. To open up an account with Optum Bank, go to [www.optumbank.com](http://www.optumbank.com) and follow the enrollment instructions. Before you get started, it is advised that you determine that the account owner is eligible and collect the necessary information:

- Social Security Number
- A valid email address
- Primary identification, such as a driver's license, passport or government-issued ID
- Personal banking information (if you wish to make electronic contributions)

You will be responsible for the monthly bank account fee for any individual accounts that you open.

## How do I designate my health savings account (HSA) beneficiaries?

You may designate your beneficiaries online—go to [www.myuhc.com](http://www.myuhc.com) and access your health savings account information. It is important to designate a beneficiary(ies) and keep that information up-to-date to make sure you control where your HSA funds go in the event of your death. If you don't designate a beneficiary, the funds will go to your legal spouse if you have one. If you are not married at the time of your death, the funds will go to your estate. To verify your designated beneficiaries, you must contact [Optum Bank](#) directly. Oracle does NOT maintain your health savings account (HSA) beneficiary information.



## TAXES

### What are the tax benefits of participating in a health savings account (HSA)?

By contributing to a health savings account (HSA), you receive triple federal tax savings because:

- The money you put into your health savings account (HSA) is exempt from federal tax
- Your savings grow income-tax free
- You don't have to pay income taxes on withdrawals used for qualified medical expenses

With these advantageous tax benefits comes the responsibility of reporting health savings account (HSA) activity to the IRS and to keep careful records of your spending. In the event of a tax audit, you will be required to show proof of qualified medical expenses.



## Are contributions, account earnings / interest, and qualified distributions free from federal and state taxes<sup>ii</sup>?

Contributions, account earnings / interest, and distributions for qualified medical expenses are exempt from federal tax, and most states conform to the federal tax treatment of health savings accounts (HSAs). However, states can choose to follow the federal tax treatment guidelines for health savings accounts (HSAs) or establish their own. Some states have chosen to tax health savings account (HSA) contributions.

**STATE TAXES<sup>ii</sup> MAY APPLY:** Most states conform to the federal tax treatment of health savings accounts (HSAs). It is important to note that each state can decide to follow the federal tax guidelines for HSAs or establish its own. **Please consult a tax advisor regarding your state's rules or visit your state's Department of Revenue office for more information.**

If you reside in a state that does **not** conform to the federal tax guidelines, your health savings account (HSA) contributions and Oracle's seed is an above-the-line deduction for federal income tax purposes—but NOT for your state income tax return. **You should always consult your tax / financial professional to learn how you may be impacted.**

## What type of tax documents can I expect to receive?

Each year Optum Bank generates tax reporting documents to account holders.

- **Form 1099 SA**—You need to file IRS Form 8889, along with the standard Form 1040 individual income tax return in order to report any contributions to and distributions made from your health savings account (HSA). Optum Bank will generate Form 1099-SA and it will be available in January of each year. The Form 1099-SA reflects the total distributions that were made from your health savings account (HSA). A separate 1099-SA for each type of distribution you had in that tax year will be generated. The five types of distributions are normal, excess contribution removal, death, disability and prohibited transaction. Most account holders will receive one 1099-SA Form for "normal" distributions, which are withdraws from your health savings account (HSA) to pay for eligible medical expenses. If no distributions are made during the year, this form will not be generated for you. 1099-SA Forms are available by accessing your online Optum Bank account. The IRS may request receipts to verify qualified medical expenses for the withdrawals reflected on the Form 1099. It is important that you maintain good records of your expenses.
- **Form 5498-SA**—You may make contributions for the current year (up to the allowable limit) through April 15 of the following year. For example, you can make 2023 contributions through April 15<sup>th</sup>, 2024. As such, a Form 5498-SA will be generated in May and will reflect the amount of contributions you made. By law, Optum Bank will report contributions to the IRS. The 5498-SA generated in May does not need to be submitted to the IRS. This form is intended for your personal records only.

Additional information regarding these forms is available on the [Optum Bank website](#). Always consult a tax professional about your personal income taxes.

## Are health savings account (HSA) contributions included on my W-2?

Box 12 (code W) on your W-2 will show all contributions your employer made to your HSA, including your pre-tax contributions, if any. You will use the amount shown on Box 12 (code W) from your W-2 on line 9 of your Form 8889.



## What is the tax implication if I use my current health savings account (HSA) balance to reimburse myself for qualified expenses that I have already paid for using my own non-HSA money?

You must file IRS Form 8889 with your IRS Form 1040 on your federal income tax return for each year in which you take withdrawals from your health savings account (HSA). You can reimburse yourself for the expenses for which you've already paid. See "What type of tax documents can I expect to receive?" for more information.

## I made a contribution directly to my health savings account (HSA) and my W-2 does not include this additional contribution. Where does this information get recorded and how do I account for it when I file my taxes?

When you file your taxes, you will need to record the total amount of the contributions to your HSA for the year on IRS Form 8889. Since your W-2 will not include additional amounts contributed directly to your HSA, you will need to manually add all contributions together and report them on your tax return. By law, [Optum Bank](#) reports the additional amounts to the IRS. In May, [Optum Bank](#) generates Form 5498 that will reflect your total contributions. The 5498 does not need to be submitted to the IRS when filing your taxes. The Form 5498 is for your records only.



## HIGH DEDUCTIBLE HEALTH PLANS (HDHP)

### What is a qualified High Deductible Health Plan (HDHP)?

A qualified High Deductible Health Plan (HDHP) is a type of medical plan that meets certain criteria for patient deductibles established by the Internal Revenue Service. Oracle's HSA Medical Plan is an IRS qualified High Deductible Health Plan (HDHP). A HDHP generally offers lower per-pay-period premiums and higher deductibles than traditional health plans. All services (except for eligible network preventive care, which is covered at 100 percent) are subject to the plan deductible and coinsurance. The plan also includes out-of-pocket maximums that limit your financial risk in the event of a catastrophic injury and / or illness.

Oracle's HDHP is "IRS Qualified" which means it meets certain plan requirements established by the Internal Revenue Service. Oracle has the ability to set certain plan design elements; however, there are some that are governed by the IRS. The required IRS elements include the deductible and the out-of-pocket maximum amounts. This is an important point because Oracle's HDHP must meet the IRS requirements in order to also offer the HSA account. Plan provisions are subject to change due to modifications to regulatory requirements. The plan has the following characteristics:

- It has a lower per-pay-period contribution and higher deductible than a traditional medical plan
- The deductible and out-of-pocket maximum are driven by IRS requirements
- It covers network preventive care at 100% (non-network preventive care is covered at 100% up to usual and customary charges)—no copayments or deductible applied
- The plan has no copayments. Coinsurance and deductibles apply to all services (except preventive care as described above)



## What plan services are considered preventive care and how does the HSA Medical Plan cover them?

Preventive care focuses on maintaining your health and establishing your baseline health status. Your preventive treatment may include immunizations, vaccines, physical evaluations, lab work, X-rays, and medically appropriate health screenings. The HSA Medical Plan covers network preventive care—including preventive prescriptions at 100% (non-network preventive care is 100% up to usual and customary charges)—no deductible or copayments apply. The services covered are based on recommendations by the U.S. Preventive Services Task Force and the Advisory Committee on Immunization Practices. For more information about preventive care services, visit <https://www.uhc.com/health-and-wellness/preventive-care>.

### Common Preventive Services

- Routine physical including vision and hearing screenings
- Phenylketonuria (PKU) tests
- Immunizations (flu shots are included)
- Routine gynaecological exam including breast and pelvic examination, and PAP test
- Lab / X-ray
- Mammogram
- Colorectal and cervical cancer screening
- PSA blood test and digital rectal exam
- Bone mineral density tests
- UHC Preventive Prescription Drug List (link from [www.oraclebenefits.com](http://www.oraclebenefits.com))

## Are prescription drugs subject to plan copayments?

No—all services except for preventive care services and prescription drugs are subject to plan deductibles and coinsurance. Preventive care services and prescriptions are free and covered at 100%. You are responsible for paying the true cost of your non-preventive prescription drugs, up to the plan deductible. Once you meet the deductible, the plan will pay 90% of the cost if you obtain your prescriptions from a network pharmacy. If you obtain your prescription from a non-network pharmacy—the plan will pay 70% of usual and customary charges. To obtain information about prescription drug costs, access the “Price a Medication” tool available at [www.myuhc.com](http://www.myuhc.com). To view a list of preventive medications—go to [www.oraclebenefits.com](http://www.oraclebenefits.com) and review the “UHC Core Preventive Drug List (for HSA Med Plan only)”.

## What is a plan deductible and how does it differ from copayments?

A plan deductible is the amount you must pay for eligible medical / pharmacy expenses during the calendar year before the plan starts paying for a portion of benefits. The coinsurance applicable to the HSA Medical Plan is 90% network and 70% non-network. This means that once the deductible is met, the plan pays 90% of the UHC negotiated cost for network services and 70% of usual and customary charges for non-network services.

Copayments are established dollar amounts (e.g., \$20) you must pay at the time you receive medical services, such as an office visit. There are NO copayments in the HSA Medical Plan. All services (except for preventive care, which is covered at 100%) are subject to the plan deductible and coinsurance.



## **How do deductibles and out-of-pocket maximums work if I cover family members?**

The plan structure for the UHC PPO and EPO Plans is based on meeting individual deductibles and out-of-pocket maximums. In these plans, an individual within a family is required to meet the individual deductible before coinsurance applies – even if a portion of the family deductible has not been met. Similarly—if a family member reaches the individual out-of-pocket maximum—additional claims in the year for that individual are covered at 100%. The deductible and out-of-pocket maximum requirements for the HSA Medical Plan work differently because there are no individual deductible or out-of-pocket maximums. The plan will not cover claims until the family deductible is reached and claims will not be covered at 100% until the family out-of-pocket maximum is reached.

## **Does the HSA Medical Plan allow me to access the same UnitedHealthcare provider network available for current Oracle UHC PPO medical plans and will I receive the same benefits of the negotiated / discounted rates if I seek care from network providers?**

Yes, the HSA Medical Plan utilizes the same UnitedHealthcare Choice or Choice Plus provider network as the Oracle Medium and Premium PPO Plans. The UHC EPO Plan network is slightly different, however, the Choice Plus network is larger than the EPO. You are encouraged to choose physicians and facilities from the UnitedHealthcare network, one of the largest networks in the country. You can certainly choose whichever physician or facility you prefer, but you won't benefit from the discounted / negotiated rates and will likely pay more if you use non-network providers. To locate network providers, access the online directory available on [www.myuhc.com](http://www.myuhc.com). The directory also includes information about doctors and facilities that have met quality and efficiency of care standards. This is important because these doctors and facilities follow protocols established by their respective medical and specialty societies.

## **LIMITED PURPOSE HEALTH CARE FLEXIBLE SPENDING ACCOUNT (FSA)**

### **What is a Limited Purpose Health Care Flexible Spending Account (FSA)?**

A Limited Purpose Health Care FSA is a voluntary program and is similar to Oracle's General Purpose Health Care FSA. However, you can use it only for qualified dental and vision expenses. Unlike the General Purpose Health Care FSA, you can enroll in a Limited Purpose Health Care FSA and also contribute to a health savings account (HSA). You are not required to participate in the Limited Purpose Health Care FSA, participation / non-participation does not impact your eligibility to contribute to a health savings account (HSA).

### **Why should I enroll in the “limited purpose” instead of the “general purpose” Health Care FSA?**

You cannot enroll in the general purpose Health Care FSA and open/contribute to a health savings account (HSA)—it is against IRS regulations. Although you can use your health savings account (HSA) to pay for qualified dental and vision expenses, some people choose to elect the Limited Purpose Health Care FSA to help preserve their health savings account (HSA) balance. With the Limited Purpose Health Care FSA, you can pay for qualified dental / vision expenses and reserve health savings account (HSA) funds for qualified medical expenses.



## What type of claims can be reimbursed under my Limited Purpose Health Care FSA?

The Limited Purpose Health Care FSA works just like the General Purpose Health Care FSA but covers only your qualified dental and vision expenses.

## What is the annual Limited Purpose Health Care FSA contribution maximum?

The maximum amount you may contribute in 2024 is \$3,050. If you choose to enroll in the Limited Purpose Health Care FSA, your annual election will be divided and deducted equally from each paycheck.

## Does the Limited Purpose Health Care FSA offer a debit card that I can use for eligible dental and vision expenses?

Yes, debit cards are issued to Limited Purpose Health Care FSA participants.

## Where can I find more information about the Limited Purpose Health Care FSA?

Click [HERE](#) to access the Oracle Benefits FAQs specific to the Health and Dependent Care FSAs.

### RELATED LINKS | RESOURCES

#### UnitedHealthcare and Optum Bank

- [Optum Bank Website](#)
- [Optum Bank Support](#)
- [Optum Bank Forms](#)
- [HSA User Guide](#)
- [Optum Bank's HSA Video Learning Library](#)
- [UnitedHealthcare Member Portal](#)



#### Oracle US Benefits

- [Oracle's HSA Resource Center](#)
- [Oracle's HSA Medical Plan Video](#)
- [Annual HSA Company Contribution \("Seed"\)](#)
- [Summary Plan Description \(SPD\)](#)
- [Contact Oracle US Benefits](#)
- Join the [#us-benefits](#) Slack Channel
- Join the Quarterly HSA Medical Plan User Group



- User Groups are scheduled on a quarterly basis—visit the [Oracle US Benefits website](#) for more information
- All HSA Medical Plan members are invited to attend this learning opportunity. During this session you will hear updates and information from Optum Bank and UnitedHealthcare along with an opportunity to ask questions.





## END NOTES

- i. **Annual Benefits Compensation:** your Annual Benefits Compensation is defined as your base salary plus bonuses, commissions, and overtime paid between September 1 and August 31 of the previous year. Compensation paid outside of the specific time frame due to payment timing, errors, and / or omissions will NOT be counted in your current Annual Benefits Compensation. Any salary adjustment will be included in your following year base salary.
- ii. **State Taxes:** As of the publication date of this FAQ document the following applies. Please note the information below is subject to change and this document MAY NOT include the most up-to-date information. Always consult a tax professional about your personal income taxes.
  - a. Tennessee and New Hampshire may require you to pay state tax on health savings account (HSA) earnings / interest
  - b. California, Alabama, and New Jersey consider both health savings account (HSA) contributions and account earnings / interest as taxable

