



# Memorandum 2019 – 2

**TO:** Primary Authorized Agents, Authorized Agents And Finance Contacts for District Health Units & Garrison Diversion Not Participating in the NDPERS Medical Flexible Spending Account

**FROM:** North Dakota Public Employees Retirement System

**DATE:** April 25, 2019

**SUBJECT:** NEW! Pre-Tax Health Saving Account Contributions for High Deductible Health Plan Participants

As of July 1, 2019, your organization may choose to allow employees participating in the NDPERS High Deductible Health Plan (HDHP) to contribute to their Health Savings Account (HSA) on a pre-tax basis. This is not mandatory but an optional benefit for your organization. As a reminder, participation in an HSA is only an option for HDHP members.

Currently, employees can only submit HSA contributions directly to Sanford Health Plan as an after-tax contribution. Starting with any payroll paid after August 1, 2019, employees could also contribute to their HSA through a pre-tax payroll deduction if your organization allows. Important: Employees are not allowed to make HSA after-tax deductions through payroll.

- To opt in and have this option available as of August 1, 2019, your organization must complete certain requirements and notify NDPERS by June 1, 2019.
- If you wish to have this option available any date after August 1, submit your notification of such to NDPERS at least 30 days prior to the payroll effective date.
- To decline, simply take no action.

## ELECTING to offer HSA pre-tax payroll deductions?

Your organization must complete the following requirements and notify Rebecca Fricke at [rfricke@nd.gov](mailto:rfricke@nd.gov) by June 1, 2019 if you will be offering this option for August 1, 2019. If you wish to make this option available at a later date, NDPERS must receive notice of the acknowledgement at least 30 days prior to the payroll effective date.

1. Ensure employees' HSA pre-tax deductions are processed in compliance with HSA annual limits established by the Internal Revenue Service (IRS) and are reported on the employees' annual W-2 tax form.
2. Modify your Section 125 Flexible Spending Account Plan and payroll system to allow for employees HSA pre-tax deductions.
3. Agree with the *Acknowledgement* detailed on page 2.

## Processing Employees' HSA Pre-tax Deductions

If you elect to offer HSA pre-taxing for your employees,

- NDPERS will communicate directly to them the month prior to the payroll option becoming available.
- A file will need to be provided to NDPERS along with the deductions withheld from the employee's paychecks.

Once NDPERS receives the acknowledgement that your organization will offer this benefit, our office will reach out to you with file specifications and payment instructions.

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The 2019 limits are based on the sum of the employer and employees' contributions and the employees' HDHP coverage level:

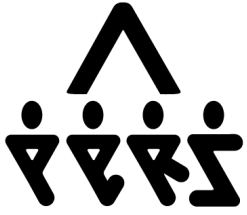
Single HDHP Coverage: \$3,500  
Family HDHP Coverage: \$7,000  
Age 55+ Catchup: \$1,000

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Sincerely,

A handwritten signature in cursive script that reads "Rebecca Fricke".

Rebecca Fricke  
Chief Benefits Officer  
NDPERS



NORTH DAKOTA  
PUBLIC EMPLOYEES  
RETIREMENT SYSTEM

## Acknowledgement

*Employer Name* (“we”) acknowledges that we will offer employees in the High Deductible Health Plan (HDHP) with a Health Savings Account (HSA) the opportunity to make payroll contributions on a pre-tax basis starting July 1, 2019. We have taken the necessary steps to modify our Section 125 Flex Plan Document to accommodate this type of contribution. We understand that employees can make changes to their contributions anytime throughout the year. We acknowledge that an employee’s HSA deductions must be reported on the employee’s W-2. For those participants newly electing HDHP coverage effective January 1, we understand that the employee’s ability to defer pre-tax contributions to their HSA may be limited if they still have a remainder balance in a flex medical spending account as of December 31 of the previous year. Our payroll system has been updated to accommodate this contribution option.

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Once your organization is ready to proceed, email [Rebecca Fricke](#) by June 1, 2019.