



**Explore Excellence**

**ACS | Mellon**  
*the HSA solution*

**Health Savings Account - HSA  
Employer Guide**

**January 2010**

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## Introduction and Product Features

Affiliated Computer Services, Inc. (ACS) is pleased to provide the Mellon Health Savings Account (HSA) Solution<sup>SM</sup> you are offering your employees. We look forward to working with you to establish a successful program. This guide is intended to help accomplish that goal.

The Bank of New York Mellon is the custodian for the accountholders providing recordkeeping and transaction processing.

ACS/Mellon, the HSA Solution<sup>SM</sup> provides comprehensive administration services:

- A single, real-time, fault-tolerant system that maintains the actual balance in each HSA at any moment in time, and responds to real-time requests for funds from debit cards.
- Record keeping services (average balance calculations that include consideration of check deposits with delayed availability and the calculation of interest — using average daily balances)
- Custodial accounts: an interest-bearing demand-deposit account and a mutual fund account in which participants may invest for retirement
- Employee contact center resources to handle all account inquiries and transactions
- Debit card and checkbook issuance
- Flexible, robust alternatives for employer and/or employee payroll-based HSA deposits and contribution.
- Multiple account deposit options: Automated Clearing House (ACH), check or wire
- Monthly account statements
- Tax report filings with the IRS; printing and mailing of Forms 5498 and 1099 to participants

Welcome. We are looking forward to working with your firm.

## Next Steps –

### What Do You Need to Do Now?

1. Review this Employer Guide.
2. Discuss funding questions with your health plan contact or the Employer Support Team.
3. Work with your health plan contact to complete the attached HSA Employer Discovery Document and Security Challenge Form. Return the forms to the Employer Support Team. The Security Challenge Question responses must be on file for our teams to assist you with ongoing questions and issues and for the protection of your employee accountholders.



Discovery Document



Security Form

### What Happens Next?

1. Horizon will assign a 3-digit Employer ID to your group and provide the Employer ID to ACS. Your health plan will submit eligibility data to EB (debit card vendor) who submits your group's eligibility information to ACS. Once EB receives eligibility data from your health plan, a debit card will be mailed out to the member.
2. Once eligibility information is received and processed at ACS, an HSA account will be established and an HSA Welcome Kit will be sent to the employee's address on file.
3. ACS/Mellon will email you the information you need for funding, based on the funding method you choose, within 2 - 3 business days. This information may include your 14-digit sub-account number, web user ID and temporary password. If you have elected to use the Payroll on the Web (POW!) funding method, you will be provided with a POW! user guide.
4. If you selected POW! or the ACH Direct Deposit funding method, your employer setup is complete. You can begin funding as soon as your employees open their HSA accounts. Note that your employer setup is also complete if you are not funding the HSA accounts.
5. If you selected the Excel-to-Text File with Connectivity or Payroll File with Connectivity funding method, please see the addendum for additional implementation information.

## Contributions: Employee Payroll-based & Employer

Many employers support their employee savings by providing payroll deduction/contribution services. We support employers in this effort through four contribution methods: Payroll on the Web, Excel Macro, Payroll File or Individual ACH. Additional information regarding these methods is provided below.

For payroll-based contributions — both employer and employee, we offer four possible methods to effect deposits into participant HSA accounts:

1. **Payroll on the Web (POW!) Method-** A lump sum transfer of funds accompanied by allocation instructions entered and submitted via *POW!* (Payroll on the Web) application.

**Recommendation:** small to moderate-sized employers with limited technical resources. ***Employers with less than 25 accounts are required to use this method or Direct Deposit via Individual ACH.*** This approach is limited to employers with less than 150 accounts on the system. Details begin on page 5. The ACS Employer Support Team will provide a *POW!* user guide, log-on ID and password.

2. **ACH Direct Deposit (via Individual ACH Method)-** Direct deposit into individual accounts via the ACH network. ACS is not able to support reconciliation of contributions under this approach.

**Recommendation:** employers interested in using this funding method should speak with their bank regarding setup and fees. Details begin on page 5.

3. **Excel-to-Text File with FTP Connectivity** - A lump sum transfer of funds accompanied by allocation instructions in a set Excel spreadsheet format. (This approach requires FTP connectivity setup.)

**Recommendation:** moderate to larger employers with technical resources available to establish connectivity and provide ongoing support. Details begin on page 23; The ACS Employer Support Team will provide the required Excel file format.

4. **Flat File with FTP Connectivity** A lump sum transfer of funds accompanied by allocation instructions in our HSA Payroll Distribution File format. (This approach requires FTP connectivity setup.)

**Recommendation:** larger employers with technical resources available to create the file in our format, establish connectivity and provide ongoing support. Details begin on page 26; note embedded file layout document.

**\* For methods 1, 3 and 4 you may execute the lump sum transfers in any of 3 ways - wire transfer, initiating an ACH credit or sending a check. When using option 2, individual ACH deposits must accompany ACH information.**

## POW! (Payroll on the Web) Method

**Recommendation:** small to moderate-sized employers with limited technical resources. **Employers with less than 25 accounts are required to use this method or Direct Deposit via Individual ACH.** This approach is limited to employers with less than 150 accounts on the system. The ACS Employer Support Team will provide a *POW!* user guide, log-on ID and password.

*POW!* is a secure, on-line application that allows you to easily provide us with contribution instructions to post both employee and employer contributions to the individual employee accounts. This contribution information, paired with lump sum funding via wire, check or Automated Clearing House (ACH), provides the opportunity for communication about payroll contributions for timely and accurate posting to employee accounts.

A user guide has been prepared with screen shots and step-by-step instructions to input contribution information and submit the file for processing. Contact the ACS Employer Support Team at 201-553-6305 for a copy of the guide as well as ID and password information.

Employers needing assistance with *POW!* Password lock-out issues should contact the Employer Support Team at 201-553-6305.

### Funding and Former Employees

You can only fund or contribute into your active employee open accounts. You cannot deposit contributions into employees accounts until they have opened their account via electronic/paper signature. Once an employee terminates their account information will no longer display on the Payroll on the Web screen and you cannot fund through this application. You may submit an Individual ACH contribution to post funds to their account or distribute the funds as taxable payroll.

## ACH Direct Deposit

**Recommendation:** employers interested in using this funding method should speak with their bank regarding setup and fees. In addition, employers will need to obtain the account numbers for each accountholder.

An employer, or its 3<sup>rd</sup>-party payroll administrator, may initiate direct deposits into participant accounts via the ACH (Automated Clearing House) Network.

Your company's payroll should create a NACHA file specific for HSA contributions for your bank. This file should be provided to the bank to initiate movement of funds. Two accounts will be involved to process each transaction - a debit of funds from the company account and a credit of funds to the employee's HSA account.

Steps to complete to setup direct deposits:

If you presently have direct deposit of payroll, you will need to complete the following steps:

- ✓ Contact the company or your internal department who handles your payroll direct deposit; request they prepare and submit a NACHA file to initiate the ACH deposit into HSA accounts;
- ✓ Obtain the HSA account numbers for each participant and provide them to the company or internal department handling the payroll direct deposit;

- ✓ Submit a “prenote” transaction for each account; receive and review the traces regarding each submission;
- ✓ Upon successful pre-note, proceed with deposits into the accounts. Please note, your company account will be debited and the individual's HSA account will be credited for the amount of each transaction. In addition, your financial institution may impose a service fee for this processing.

If you are not presently using direct deposit, you will need to complete the following steps:

Contact your bank and confirm that your banking institution is an ODFI (ACH Originating Depository Financial Institution);

- ✓ Request and obtain the NACHA file layout from your banking institution;
- ✓ Prepare and submit the necessary information to your bank to become an approved participant in the NACHA network;
- ✓ Obtain the HSA account numbers for each participant and include them in the prepared file;
- ✓ Submit a “prenote” transaction for each account; receive and review the traces regarding each submission;

Upon successful pre-note, proceed with deposits into the accounts. Please note, your company account will be debited and the individual's HSA account will be credited for the amount of each transaction. In addition, your financial institution may impose a service fee for this processing.

Specifics for routing ACH direct deposits are:

Receiving Bank:	The Bank of New York Mellon
Receiving Bank Address:	One Boston Place, Boston, MA, 02108
Bank Transit Routing number:	011001234
Receiving Bank Accounts:	[Employee Name]
Receiving Bank Account Numbers	[see specs below]

Under this approach, your health plan provides participant account number data to you or your payroll administrator. The participant's account number is a 14-digit number. The ACH file account number is a 17-byte field. The three-digit number that designates whether the monies are employee or employer should be added as a prefix to the 14-digit account number. **951**XXXXXXXXXXXXXXX represents employee contributions, and **952**XXXXXXXXXXXXXXX represents employer contributions. This then becomes the 17-byte field.

- ACH credits for employee accounts must be originated two business days before the date they will be reflected in the participants' accounts. You should initiate the items as two-day credits with your originating bank and should be directed to a checking (not savings) account.

**We strongly recommend that you pre-note (test) an account to ensure that the account number is valid and properly formatted. If a pre-noting transaction fails, we will return the item within five business days. Otherwise, you may assume that the transactions were successful. Please be advised, for accounts with outstanding signature cards, the pre-note will “fail” with reason code “Account Closed.” Pre-noting will ensure the proper account number and ABA number are presented.**

## Lump Sum Funding Options

In each of the three funding options, the monies should be directed to the employer sub-account. This 14-digit number will be established during the initial set up period and provided to you by the Employer Support Team. All employer sub-account numbers begin with 9500998.

### **Wire transfer**

Employers should wire funds directly to their HSA payroll sub-account as follows:

Receiving Bank:	The Bank of New York Mellon
Receiving Bank Address:	One Boston Place, Boston, MA 02108
Bank Transit Routing Number:	011001234
Beneficiary Name:	(Provide Employer Name)
Beneficiary Account Number:	9500998XXXXXXX
Reference Information:	NA

*Wires must be received by 5:00 PM EST one day before payroll effective date for employers transmitting files. Wires can only be submitted to employer "998" sub-accounts; our systems cannot support wires to individual's accounts.*

### **ACH Origination**

Employers should direct ACH funding to:

Receiving Bank:	The Bank of New York Mellon
Receiving Bank Address:	One Boston Place, Boston, MA 02108
Bank Transit Routing Number:	011001234
Receiving Bank Account:	Mellon HR&IS HSA Custodial Account
Receiving Bank Account Number:	9500998XXXXXXX
Addendum Information:	(Provide Employer Name)

*ACH credits must be originated two days before payroll effective date in order for funds to be deposited into the participants account on the payroll date and should be directed to a checking (not savings) account. **Do not mail anything to One Boston Place.***

### **Check**

Employers should mail a check, payable to The Bank of New York Mellon a/c 9500998XXXXXXX. Checks may be mailed to:

The Bank of New York Mellon    or  
P.O. Box 4038  
Woburn, MA 01888-4038

The Bank of New York Mellon  
135 Santilli Highway  
Asset Acct Services, 026-0019  
Everett, MA 02149

Checks must be received one day before payroll effective date.





### Direct Employee Contributions (not payroll-based)

The employee may send additional deposits directly by check or ACH. The accountholder's checkbook contains a supply of deposit slips. Deposits with prepared deposit slips should be forwarded for processing to:

The Bank of New York Mellon   or  
P.O. Box 4038  
Woburn, MA 01888-4038

The Bank of New York Mellon  
135 Santilli Highway  
Asset Acct Services, 026-0019  
Everett, MA 02149

In addition, if the participant has a Medical Savings Account (MSA) he or she may transfer MSA funds into the HSA. However, rollover balances in a Health Reimbursement Account (HRA) may not be transferred to an HSA. Groups seeking to rollover funds should coordinate with the Employer Support Team to ensure funds are appropriately recorded as rollovers or trustee-to-trustee transfers. Individuals seeking to rollover funds should coordinate with the HSA Solution Contact Center to ensure funds are appropriately recorded as rollovers or trustee-to-trustee transfers.

## Enrollment Process

The HSA process begins when your employee elects the high deductible health plan (HDHP) coverage offered by your firm. Through the normal health plan enrollment process, you will provide your health plan with the data for employees who elect the HDHP.

Your health plan will then transmit enrollment data to EB who then issues debit cards and then transmits data to ACS.

ACS will issue an HSA Welcome Kit to all employees who enroll in the HDHP. (See picture of envelope below for your reference) It will include an HSA overview, signature card, postage-paid return envelope, disclosure statement and beneficiary designation form. Welcome Kits are mailed to addresses provided during the enrollment period. Welcome kits should reach your employee mailboxes within 10 business days of the date we receive the data from the health plan.

ACS | Mellon HSA Solution  
Contact Center  
P.O. Box 1584  
Secaucus, NJ 07094-1584

FIRST-CLASS  
MAIL  
U.S. POSTAGE  
PAID  
LOGAN, UTAH  
Permit No. 315



Our Welcome Kit is an invitation to open an HSA. Your employee(s) must complete an electronic and/or paper signature for us to actually open an HSA for him/her. **Please note, we cannot post deposits (either payroll or direct deposits), issue a checkbook until your employee takes these necessary actions.**

The Bank of New York Mellon must have the accountholder's signature in order to process HSA withdrawals and deposits. Checkbooks will be issued only after processing of the accountholder's paper signature (signature card).

**The Service Center cannot process indicative change requests for an employee currently employed and active in the HDHP.** It is imperative that throughout the year you provide updates to your health plan including: status changes, new enrollments, changes in addresses, etc. In turn, your health plan will transmit this information to update our systems. Processing updates in this manner will ensure consistency of information.

### **US Patriot Act**

The information collected during the enrollment process will be used to comply with the Know Your Customer requirements of the federal USA Patriot Act. A certain percentage of enrollments will be identified for further identity verification during this screening. Identified accountholders will receive a request for additional information at their supplied mailing address. Information requested typically includes items such as the following: copy of current driver's license, copy of utility bill or passport. Failure to respond to requests for additional information will result in account closure and return of any funds posted to the account.

## Electronic Signature

Enrolled participants are able to access the Mellon HSA Solution web site and activate their account online. By completing the electronic signature process online, Mellon can immediately open the participant's health savings account. This will provide for immediate posting of any funds contributed to the account.

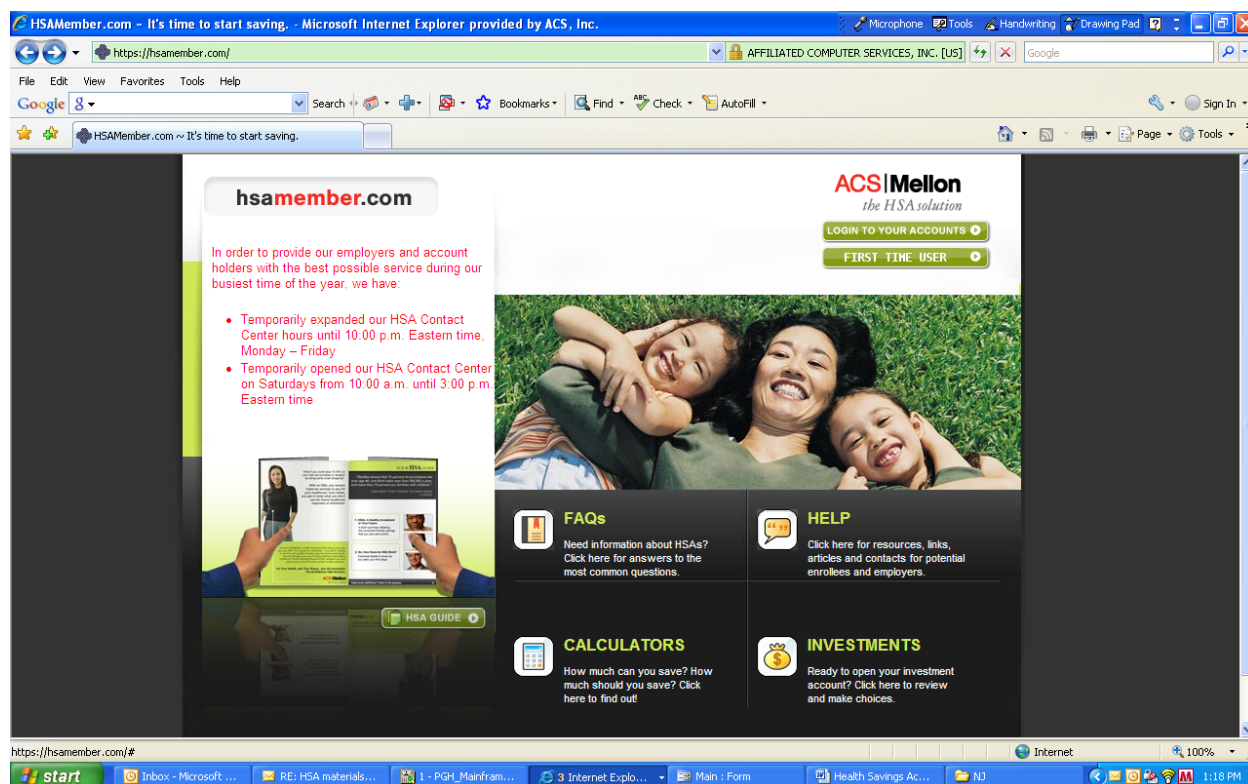
Please note, the paper Master Signature Card process will remain available for designation of beneficiaries, participants who prefer the paper method and for participants who used e-signature and/or would like a checkbook.

Access to E-sig is via the member website at [www.hsamember.com](http://www.hsamember.com); select the "First Time User" indicator on the right-hand side of the screen. Accountholders will need their SSN, Date of Birth and Zip Code to establish a userid for their account. First time login password is the social security number. Users are required to change this upon first usage. The application will recognize accounts for which a signature has not been processed and offer the electronic signature screens. Accountholders for whom the Master Signature Card was processed prior to their first login will not be presented these screens. Accountholders needing assistance with password lock-out should contact the Service Center at 1-877-472-4200 or the plan-specific number for your firm. Accountholders should be prepared to authenticate themselves with personal information such as last four digits of their social security number, date of birth, address and account number.

## Web Site

### Participant Web Site

We maintain and regularly update our comprehensive HSA Solution<sup>SM</sup> website at: [www.hsamember.com](http://www.hsamember.com). Our site contains important information for three main audiences: employers; employee-accountholders and prospective accountholders. Employers and accountholders can sign-in to the secure area through the navigation on the right-hand of the screen. The Web site facilitates self-service for activities such as checking daily account balances, reviewing recent transactions and downloading forms.



Employers may use the secure site to review transaction history from the employer sub-account, specifically contributions and distributions postings. If your firm uses Payroll on the Web you access this payroll application through the secure site. To enter the secure site, select the “Logon to Your Accounts” indicator on the right-hand side of the screen. You will need your employer sub-account (beginning 9500998) and initial password to login. See pages 5 of this guide for additional information regarding Payroll on the Web, as well as the user guide for that application.

Employee-accountholders may use the secure site to complete electronic signature; view transactions; and manage their accounts on-line.

Prospective accountholders may use the public site to obtain information about Health Savings Accounts, and to use expense, contribution and savings calculators.

The Web site contains the answers to frequently asked questions regarding HSAs, contribution, expense and savings calculators as well as printer-ready illustrations and worksheets. Prospective participants

may use the site to determine how HSAs work, the potential advantages, and how their expenses might compare under a traditional plan vs. a high deductible health plan with an HSA. From the site, members can link to the secure member site to obtain account balance and transaction information. Members needing assistance with their password should contact the service center. Employers can link to the secure site to obtain information regarding transactions posting to the employer sub-account. Employers needing assistance with their password should contact the Employer Support Team.

## Contacts

These ACS/Mellon contacts are available to support your HSA needs.

### Employer Support Team

Address: 500 Plaza Drive, 9<sup>th</sup> Floor  
Address: Secaucus, NJ 07094  
Phone: 201-553-6305  
E-Mail: [HSAEmployerSetup@acs-inc.com](mailto:HSAEmployerSetup@acs-inc.com)

The Employer Support Team will provide assistance with selection of a funding alternative, including access, setup and ongoing payroll funding support.

### HSA Account Member Customer Service Numbers (**accountholders only**)

Horizon Blue Cross Blue Shield of New Jersey: 1-800-355-BLUE (2583)

### Customer Contact Center

The ACS/Mellon HSA Solution<sup>SM</sup> Contact Center is open to receive accountholder calls from 8:00 a.m. to 8:00 p.m. EST Monday through Friday.

The Contact Center will be closed during the following holidays:

- New Year's Day (January 1, 2009)
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- Christmas Day

### Payroll on the Web (POW!) Password Support (authorized employer representatives only)

201-553-6305

### File Transfer Services (payroll file support for Excel macro and payroll file established submissions only) :

1-888-635-5666

### Mobius Password Support (authorized employer Mobius users only)

1-800-358-4325

## Fees and Billing

As an employer participating in the HSA program, there may be charges billed to you from your health plan – please refer to your health plan contact regarding these charges. There are no employer fees payable to us, unless a non-standard contribution file is used.

Fees pertaining to the individual participant accounts are detailed in the member Welcome Kit and may be explained to you by your health plan contact.

## FAQs

### **How will I know the enrollment for my employees has been processed?**

A daily edit file is provided to the submitter of your enrollment information (i.e. health plan, TPA or debit card). In addition, you may view the names of up to 150 accountholders on the Payroll on the Web tab of the website at [www.hsamember.com](http://www.hsamember.com).

### **How long will it take for welcome kits to reach my employees?**

Each employee should receive their welcome kit within two weeks of the successful processing of their enrollment.

### **Where are the welcome kits mailed?**

Welcome kits are mailed to the address provided on the enrollment file during initial enrollment. Accountholders can review these addresses by logging onto the website under HSA Summary/Addresses.

### **What information is included in the welcome kit?**

The welcome kit contains a letter as designed by your sponsoring health plan/TPA which includes the *individual employee's HSA account number*, web url and phone information. Also included is a master signature card, fee schedule and important account disclosures.

### **How does an accountholder receive a debit card? A checkbook?**

Debit cards are issued by the EB (debit card vendor) immediately after receiving enrollment information from your health plan. However, no funds are available on these cards until the signature is completed *and* funds have posted to the account.

Checkbooks are issued to accountholders upon the receipt and processing of paper signatures.



**For what are individual accountholder account numbers used? How do I receive this information?**

The individual account numbers are used for: (1) submitting of *individual* ACH contributions, and (2) for the accountholder as the web sign-in user id. Employers do not need account numbers unless they are using individual ACH to fund accounts. In that event, the health plan or employer support team can assist you with this.

**One of our employees received a letter requesting additional information to “verify your identity.” Why did he/she get this letter and what should be done?**

The information collected during the enrollment process was used to comply with the Know Your Customer requirements of the federal USA Patriot Act. As a result of this screening, a certain percentage of enrollments are identified for further identity verification. Identified accountholders receive a request for additional information at their supplied mailing address. Information requested typically includes items such as the following: copy of current driver's license, copy of social security card, copy of utility bill or passport. Any accountholder receiving such a request should comply. A postage-paid pre-addressed envelope is included with the letter. Failure to respond to requests for additional information will result in account closure and return of any funds posted to the account.

**How is an address update processed?**

Address changes for active employee accountholders should be submitted by the employer to the health plan. In turn, the health plan will provide this update to us on the enrollment file. Processing of this change can be verified by the accountholder on the secure portion of the website.

**What is my employer id?**

Each employer is assigned a three-character employer code by your health plan. This is used to uniquely identify your accountholders. If you use a file transmission (Excel or Flat File) you will need to submit the employer code as part of the file.

**For what is my employer id used?**

The employer id is used to uniquely identify the accounts for your active employees. Funding information is posted only to accounts with the employer id assigned to your firm. When an account/employee terminates the employer code is changed to XXX.

**What is my employer sub-account number?**

Your employer sub-account number begins 9500998. The Employer Support Team will provide this number to you along with the employer code for your firm.

### **For what is my employer sub-account used?**

Your employer sub-account is used for two purposes: making aggregate deposits and logging onto the website.

When making an aggregate contribution (the sum of the contributions for all your employees for a particular pay period) it should be deposited into the employer sub-account. Funds are then distributed to the accountholders from this account. In the instance where funds directed to an employee account cannot be posted (i.e. the account is closed) the funds are returned to the employer sub-account.

The employer sub-account number is used for your user id to logon to the website as an employer. You may do so to complete Payroll on the Web as well as to review transactions posting to the sub-account.

### **What is my user id for Payroll on the Web?**

Your employer user id is the employer sub-account. It begins 9500998. The user id cannot be changed. If you have not received a user id or employer sub-account contact the Employer Support Team at 201-553-6305.

### **How do I obtain my user id for Payroll on the Web?**

You should receive an email from the Employer Support Team or your Client Service Manager providing the user id. For security purposes, this is emailed independently of the user guide. This information is provided to the business contact information provided at the time of employer setup, or other specified contact. Your user id is the employer sub-account established for your firm and employer id.

### **What is my initial password?**

Your initial password is 999999999. Upon first logon you must change the password. Passwords must be nine characters or less and must contain one numeric value.

### **What if I have forgotten or misplaced my user id?**

Contact the Employer Support Team at 201-553-6305. For security purposes we will only provide this information to contact names of record.

### **What do I do if I am locked out of the application? Cannot remember my password?**

Contact the Employer Support Team at 201-553-6305 and request a password reset. For security purposes we will only reset passwords to the contact names of record.

**How come one of my employee's is not displaying on the *POW!* screen?**

Only employees currently on the Mellon HSA Solution recordkeeping system with your employer id will display. The reasons that an account is not displaying include: if an enrollment has not been received or successfully processed, the name and payroll information will not display.

If we have been advised an employee has terminated (either employment or coverage under the HDHP) the employer code associated to that account has been changed. As it is no longer the employer code assigned to your company, the information will not display.

Accounts that have been closed do not display.

**What steps should I take regarding employees who are not displaying on the *POW!* screen?**

Check that the individual is currently employed by your firm and participating in the HDHP plan.

Check that enrollment has been submitted, typically by your health plan or debit card vendor, and that it processed successfully. (Edit of successfully processing would have been received by enrollment file submitter.)

After verifying both of these events, contact the employer support team. For research purposes, we will need the social security number and name of the person.

**How do I submit contributions to the employer sub-account?**

We accept contributions via ACH transfer, wire or check (see specifics on page 17-18 of this guide). The employer sub-account number (account number beginning 9500998) should be referenced on aggregate contributions. Do not reference individual's account numbers on any aggregate contributions. At this time we cannot accommodate setup of an automatic debit from your company account.

**What is the maximum contribution to an individual's account?**

Effective with legislation signed in December 20, 2006 the maximum annual contribution is the statutory amount effective for tax years beginning January 1, 2007.

In addition, the maximum amount will **not** be prorated for participation/coverage of less than the full year *provided* such coverage begins on or before December 1 of the taxable year and the HSA eligible coverage is retained for 12 months following the month coverage begins.

This twelve month period begins the last day of the calendar year of the contribution. In effect it means coverage must continue for the full calendar following the contribution. Failure to maintain the HSA eligible coverage for the next 12 months will cause the amount contributed to be included in income tax and subject to 10% penalty.

The maximum contribution for 2009, and ongoing, is based on the type of coverage in effect on 12/1 of the year.

2008 - \$2,900 for individual coverage; \$5,800 for family coverage

2009 - \$3,000 for individual coverage; \$5,950 for family coverage

Factors such as number of months with HDHP coverage (as stated above) and accountholder age can modify the maximum contribution allowable.

Accountholders age 55 and older are eligible for catch-up contributions (an additional \$900 in 2008;\$1000 in 2009). The full catch-up is allowed regardless of when the accountholder turns 55 during the calendar year, so long as the HDHP coverage is in effect for the full year.

Use the contribution calculator on the website at [www.hsamember.com](http://www.hsamember.com) to determine the maximum contribution.

**Our plan has both in-network and out-of-network deductibles. Which is considered for determining the maximum contribution?**

The in-network deductible is used to determine the maximum contribution.

**Why is an account “frozen”?**

Accounts designated as frozen have processed successfully onto the recordkeeping system. However the accountholder has not completed signature processing (either electronic or master signature card). Contributions cannot post to frozen accounts and no debit cards or checkbooks are available for frozen accounts.

**What actions should be taken regarding the frozen accounts?**

Employees can open their frozen accounts by completing the signature process. Electronic signature (e-sig) can be completed by logging onto the member website. The url is [www.hsamember.com](http://www.hsamember.com). The user id for an accountholder is their account number. Their initial logon password is their social security number. Completion of e-sig will immediately open the account for purposes of posting contributions. It will also initiate issuance of the debit card. No checkbook will be ordered until the paper signature has been returned and processed.

**What is the employer code and how do I use it?**

Each employer is assigned a three-character employer code. This is used to uniquely identify your accountholders. It is submitted for each accountholder. In addition, funds from your employer sub-account can only post to accounts that are listed in your employer code. When an account/employee terminates the employer code is changed from your firm's code. The employee will no longer display on your Payroll on the Web. Funds from your employer sub-account cannot post to an account with an employer code different from yours.

**What do I do with funds withheld for a former employee (no longer displaying on POW!)?**

You can distribute the funds to the employee as taxable wages. The accountholder may then contribute the funds to the account on an after-tax basis using the deposit slip found in the back of the checkbook or available on the member website under “downloadable forms”.

### **How do I setup an FTP connection?**

When it has been determined that an FTP connection (and excel or coded payroll file) is appropriate for your company, a secure connection survey will be provided to you. This needs to be completed and returned. A technical resource will be assigned your company to test the secure FTP connection.

### **What HSA fees are involved? How and when are they assessed?**

Accountholders receive a fee schedule with their welcome kit. This details all fees an accountholder may be assessed including: fees for reprints of statements or tax forms, Insufficient Funds, checkbook or debit card reorders as well as monthly maintenance fees when not paid by an employer or health plan. Maintenance fees when paid by the accountholder are assessed on the first business cycle of the month for the prior month. Other fees are assessed the account when incurred.

### **What happens when an employee terminates employment (or coverage)?**

Upon notification via the enrollment file of a termination the account moves to “independent” status. EB (debit card vendor) will cancel the member’s debit card. If the member would like a new debit card, they should call customer service. The account remains open and any funds in it are available for use by the accountholder. Accounts in independent status are assessed monthly maintenance fees for balances less than the minimum in accordance with the fee schedule distributed in their welcome kit. If a terminating employee desires to *close* the account, he/she needs to make that request directly (see next question).

### **How do accounts get closed?**

An account, once open, is closed only by request of the accountholder or by operations for compliance reasons. Accountholders can obtain additional information regarding compliance closures through the service center. As an employer, you can review information regarding the Patriot Act on page 6 of this guide. Also see the FAQ regarding requests for additional information on page 26 of this guide.

### **How does an employee accountholder close his/her account?**

If an accountholder desires to close his/her personal account the individual may either contact the service center or submit a written request to close their account.

## **Addendum –**

### **For Employers Expecting over 75 Employees with HSA Accounts**

## Excel-to-Text File Method with FTP Connectivity

**Recommendation:** moderate to larger employers (150+ accounts) with technical resources available to establish connectivity and provide ongoing support. The ACS Employer Support Team will provide the required Excel file format.

Excel (Text) File Method with FTP Connectivity allows you to enter contribution instructions into an Excel file. We will provide you the programmed excel macro template. You then simply initiate a macro in the Excel file that generates a text file. Lastly, you transmit the text file to us via a secure transmission setup.

There are several benefits from using this method. The Excel (Ittext file) method with FTP connectivity saves you time by allowing you to enter contribution instructions quickly. This option also is flexible enough to grow as your enrollments into the HSA grows. If you choose to use this approach, please contact the ACS Employer Support Team for a copy of the macro template and to initiate a file transmission project. You will need to identify the technical contact at your firm who will setup and test the FTP connection.

We need to receive this file by 5:00 p.m. EST to process it that night. No funds will post to the employee accounts until (1) the effective date of the file has been reached or passed and (2) Your employer sub-account has funding equal to or greater than the total amount of the file.

The following are the steps you need to perform to input data and run the Excel macro to generate the text file:

1. Open the Spreadsheet; enable macros. If the "enable macros" menu does not appear when you open the file, please complete the following steps:
  - Select Tools/Macro/Security
  - Adjust Security setting to medium
  - Close the file.
  - Reopen the file, enable macros
2. Fill in the required information (drag cursor over header fields in the first row for explanation of field values to be used). Note the employer code (provided to you by ACS) is to be input in CAPITALIZED format (i.e. ACS).

**NO** special characters within the Payroll ID column

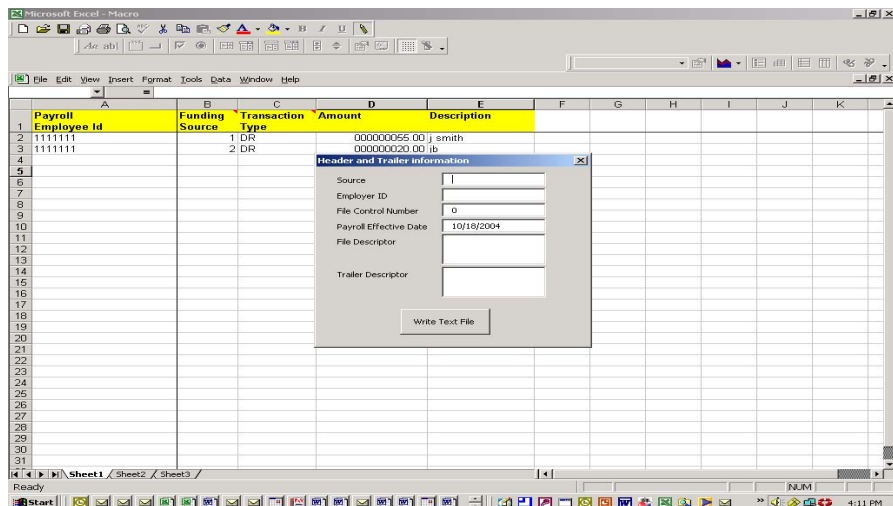
**NO** reformatting of the File Layout. Make sure when copy/pasting from other Excel files to copy **Values Only** (Paste Special Option)

DO NOT produce totals on the spreadsheet as they will interfere with having the Macro run.

3. Rename and save the file – do not use the word "Master" in the renamed file. (i.e.: Rename to: ACS Payroll 0101)

4. Click on the pencil (noted as "custom button" on the toolbar)
5. Box for header and trailer information will appear:

Screen display on next page



- Source = ACS-assigned 3 character employer ID
- Employer ID = ACS-assigned 3 character employer ID
- File control number = +1 # from the last version (optional)
- Payroll effective date = effective date of data in spreadsheet
- File description = any text (optional)
- Trailer description = any text (optional)

1. Click on "write text file"

The Macro will result in the creation of a text file that should be sent via electronic transmission. Send only the text file; do not send the Excel spreadsheet. You must first establish connectivity through the FXR unit. A contact from the FXR unit will work with your technical contact directly to establish connectivity. Due to the confidential nature of payroll data, all data transmission will need to be encrypted or sent via secure line. Currently, our preferred connectivity method is WSFTPRO.

**WSFTPRO** is a desktop application, which allows the user to download and upload send-encrypted data over the Internet. The application also lets the user create an FTP site that makes files and folders on your PC available to other users. If the employer chooses this application, set up instructions will accompany the program. Information on this application can be found at [http://www.ipswitch.com/products/ws\\_ftp/](http://www.ipswitch.com/products/ws_ftp/)

Files received prior to 5:00 PM EST can be verified by each employer on the Mobius reporting system (see section below for more detail) after 7:00 PM. Employers can also verify receipt of each file by providing an email address during the set up of the file transmissions. It is recommended that confirmation via email only be sent to a group email box as the individuals monitoring each transmission may change.



Submission of multiple files on the same processing date can occur. In this instance recommend the following: (1) uniquely identify each file submission. This can readily be accomplished by sequentially numbering the submissions in the file control number. (2) Wait a minimum of five (5) minutes between file submissions to ensure the previous file has been fully transmitted and received prior to submitting the subsequent file.

## Flat File with FTP Payroll Distribution (Detail File)

**Recommendation:** larger employers (150+ accounts) with technical resources available to create the file in our format, establish connectivity and provide ongoing support

In this method, you transmit via FTP a file with instructions on how to allocate the individual HSA contributions among participant accounts.

Should you opt for this method, the allocation instructions need to be in our standard format. See the attached file specifications for details:



P:\HSA\Payroll Files\  
DistributionFileLayout

Please alert your health plan contact when you are ready to discuss the file detail.

You also will need to establish a method by which to transfer the file to us. Please provide business and technical contact information (names, phone numbers, e-mail addresses, mail addresses) for you and your payroll administrator (if applicable) to your health plan. Shortly thereafter, someone from Mellon's File Transfer Unit will call or e-mail your technical contact to set up file transfer protocols (FTP). The attached document provides a general description of some of the available methods:



"FXR\_Connectivity.d  
oc upd 7.14.05.doc"

This file must be received by 5:00 PM EST of the day prior to the pay date in order for the HSA account to reflect the contributions on that pay date.

Files, along with associated funding, received prior to 5:00 PM EST can be verified by each employer on the Mobius reporting system the next business day (see section on Daily File Reporting for more detail). Employers can also verify receipt of each file by providing an email address during the set up of the file transmissions. It is recommended that confirmation via email only be sent to a group email box as the individuals monitoring each transmission may change.

## Payroll Reconciliation/ Employer Sub-account Activity

After you have posted contributions through one of funding methods, the contributions are first posted to your employer sub-account then allocated to your accountholder accounts. Employers may view the sub-account via the web. This view includes transactions posting to and from the employer sub-account. As mentioned before, there are times when the ACS, Mellon HSA Solution can not move contributions out of the employer's sub-account into the accountholders accounts. Credits (contributions and "returns" from payroll distributions due to frozen or invalid account information) and debits (posting of payroll files to employee accounts) will display in sub-account. Employees that have not signed the electronic/paper signature form will remain as frozen accounts. An example of an invalid account would be employees that have either terminated or if the indicative information such as customer id, employer id, or social security number has been sent over incorrectly. It is important to review your sub-account to make sure that the funds are being moved appropriately. To view your sub-account go to [www.hsamember.com](http://www.hsamember.com); select the "Login to Your Accounts" indicator on the right-hand side of the screen. You will need your employer sub-account (beginning 9500998) and initial password to login. You will be prompted to change this upon your first visit to the site.

Alternatively, the employer sub-account activity journal report will be available on the secure site on any day there is activity in the employer sub-accounts. A sample is included later in the document in the Mobius reports sample reports. *This report is applicable only to employers using the Excel Macro Text file or Payroll File. The Employer Support Team will provide you with the information necessary to access this report.*

Under optimum circumstances, the payroll sub-account balance should always be at zero, except when funding is received one or two days in advance of the payroll file date. Funds will be disbursed from the employer's sub-account to the employees' HSA accounts a day prior to the effective date so they will be available to the employee on the payroll effective date.

Other situations that may cause a balance in the employer's payroll sub-account are:

- Invalid account in payroll data file (the transaction needs to be resubmitted after it is verified the account information as presented in the payroll file has been processed on our systems. Typically this occurs when payroll files precede enrollment or when payroll files include "runoff" payroll contributions for former employees.)
- Payroll funding discrepancy— If the funding amount available in the employer sub-account is insufficient to process the submitted file, the file will not process and the funds will remain in the account.
- Closed Account—employers will be expected to reverse transaction and shut off payroll contributions (example – employee accountholder has closed the account).

We will work you to resolve all open payroll reconciliation items within 30 days. Contact the Employer Support Team for additional information regarding the employer account.

## Daily File Reporting

You have daily access to various file reporting and status.

1. Go to our Web site: [www.hsamember.com](http://www.hsamember.com)
  2. Click on the "Login to your Accounts" button. (Do NOT choose the "First Time User" button as this button is intended for account holders rather than employers.)
  3. Log in to our secure site with your user ID (your fourteen digit sub-account number which also serves as your user ID)
  4. If this is your first time logging in to the Web site from your computer, you may be required to provide a one-time password that we can provide you – **please contact us at 866-712-4551.**
  5. After entering in your one-time password, **enter your** password which was initially provided in a separate e-mail.
  6. Click on the "Payroll on the Web" tab to access POW! and click on the "Reports" tab to access Web Reporting.
- Click the "Reports" tab to view a Web Reporting User Guide and PowerPoint Presentation.
  - If additional training is still needed, there will be weekly training classes (every Wednesday from 2:00 p.m. to 3:00 p.m. Eastern Time – instructions to register are under the "Reports" tab).

Here is a link to a training session that will walk through all the reports -

[https://hsamember.com/pdf/WebReporting\\_Mellon.ppt](https://hsamember.com/pdf/WebReporting_Mellon.ppt)

## Implementation Overview and Timeframes

### **Step 1:**

Obtain a copy of the ACS and the HSA Employer Guide from your health plan representative.

### **Step 2:**

Work with your health plan contact to complete the attached HSA Employer Discovery Document and Security Form. Return it to the Employer Support Team. Discuss plan design and funding questions with your health plan representative or the Employer Support Team. The security challenge question responses must be on file for our teams to assist you with ongoing questions and issues.

### **Step 3:**

You will be contacted with your assigned 3-character Employer ID code and 14-digit sub-account number. This information must be setup with the health plan provider managing your enrollment. These items are very important and will be used for various funding transmissions as described throughout this document. Enrollment may be submitted for your firm at this time. A web user ID and temporary password will also be provided.

If you have elected to use POW! for payroll allocation, you will be provided with a user guide, ID and password. Your setup is complete.

### **Step 4: Required for Payroll File or Excel Macro Contribution Options Only**

The FXR unit will contact you to discuss connectivity options and final decisions for transmitting payroll files.

### **Step 5: Required for Payroll File or Excel Macro Contribution Options Only**

Once connectivity is established and programming is completed, you will send a test file (refer to Testing Methodology section of this document for more information)

### **Step 6: Required for Payroll File or Excel Macro Contribution Options Only**

Once testing signoff is received, we will be ready to start accepting employee and employer contribution data.

Once eligibility information is received and processed at ACS, an HSA account will be established and the HSA Welcome Kit package will be sent to the employee's address on file. Production payroll contribution data can be accepted after the employee's HSA account has been established.

## Timing

**Note: Not all steps apply to every setup; steps may be in progress simultaneously.**

ACS assigns Employer ID	2-3 days
Payroll on the Web User Guide, ID and Password Provided (when selected)	2-3 days
Connectivity is established and verified (payroll file or Excel macro option only)	20-30 days
Employer completes any required programming (payroll file or excel macro option only)	1-30 days
Testing is completed (payroll file or Excel macro option only)	10-15 days
Testing Signoff (payroll file or Excel macro option only)	1 day
Ready to receive 1st deposit file	10-15 days

In summary, typical timeframe for setting up the HSA payroll process can take 2 to 8 weeks, depending on the type of funding/deposit approach chosen.

Payroll on the Web	approx. 4 weeks
Excel Macro File	approx. 5 weeks
Payroll Distribution File	approx. 8 weeks
ACH Direct Deposit	approx. 4 weeks

## Testing Methodology

The Employer Support Team will work with your firm to coordinate the access, documentation and testing required for access to payroll funding.