



Benefits Administration Letter

Number: 07- 202

Date: April 6, 2007
Updated July 20, 2007

Subject: Federal Employees Health Benefits (FEHB) Program: Pre-Tax Health Savings Account Allotments for Federal Employees

Starting in 2007, Federal employees who are enrolled in High Deductible Health Plans (HDHP) are now able, based on the schedule below, to make pre-tax allotments to Health Savings Accounts (HSAs) through The Federal Flexible Benefits Plan (FEDFLEX). The Office of Personnel Management has worked with payroll providers and employee self service systems to provide this service. By January 1, 2008, all eligible employees will be able to make these allotments to their HSAs. Employees will be able to establish pre-tax allotments, depending upon their payroll provider, on the following schedule:

<u>Payroll Provider</u>	<u>Effective Date</u>
Bonneville Power Authority	September 2, 2007
Defense Finance and Accounting Service	September 2, 2007
Department of State	October 1, 2007
Department of Veterans Affairs	September 28, 2007
General Services Administration	April 27, 2007
Mid-Atlantic Regional Finance Office	January 1, 2008
Milk Market Administration Georgia	October 1, 2007
Milk Market Administration Kansas	October 1, 2007
Milk Market Administration Kentucky	October 1, 2007
Milk Market Administration Minnesota	October 1, 2007
Milk Market Administration New York	October 1, 2007
Milk Market Administration Ohio	October 1, 2007
Milk Market Administration Texas	October 1, 2007
Milk Market Administration Washington	October 1, 2007
Military Sealift Command (Navy Civilians)	January 1, 2008
National Aeronautics and Space Administration	December 14, 2007
National Business Center	December 14, 2007
National Finance Center	October 1, 2007
National Science Foundation	December 14, 2007
National Security Agency	September 2, 2007

After the payroll provider has set up its system of pre-tax HSA allotments, employees serviced by that provider may establish pre-tax HSA allotments using the same method that they would use to establish other allotments (i.e., Employee Express, MyPay, etc.). If your agency uses a payroll self-service system, it will provide additional instructions to employees regarding establishing, altering or canceling allotments.

Unlike Flexible Spending Account allotments, employees who elect HSA allotments may modify their allotments at any time so long as the change is prospective and in accordance with the administrative procedures established by the payroll provider. The HSA allotment election will continue until the employee modifies or revokes that allotment election.

Internal Revenue Service limits apply to the amounts that can be set aside each year in HSAs. The 2007 HSA maximum contribution limit is \$2,850 for single coverage or \$5,650 for a family coverage. Individuals who are 55 or older may make an additional catch-up contribution of \$800 in 2007. FEHB enrollees in HDHPs should be aware that the premium pass-through amounts that they receive from their health plan count toward the IRS limits. For more information regarding pass-through amounts and contribution limits enrollees can visit http://www.opm.gov/hsa/HSA_NetAmounts.pdf.

Employees are responsible for ensuring their enrollment and contributions are in accordance with IRS rules. Neither payroll providers nor self service system providers will verify employee eligibility or check to ensure employee contributions are within annual limits.

Please work with your employees to ensure that they are aware of this additional savings opportunity. Additional information on HDHPs is available on the OPM webpage at www.opm.gov/hsa.

Sincerely,

Robert F. Danbeck
Associate Director
for Human Resources Products and Services