HSA Funding & Contribution Guide

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What is an HSA?

A health savings account (HSA) is an account that your employees can enroll in and contribute to tax-free if they are enrolled in a qualified high-deductible health plan (HDHP). The funds in the HSA can be used to pay for qualified medical expenses today or can be saved for future expenses.

HSAs have several important advantages and differences, compared to other account types:

- Triple tax savings – money goes in tax free, comes out tax free, and earns interest tax free
- Money can be invested
- Substantiation of transactions is the responsibility of the account holder, not the employer/administrator
- Portable – it stays with the employee when they leave the company or retire
- An HSA is owned by the employee, so while an employer can contribute to the account, the employer cannot view the balances in a specific employee's HSA unless authorized by the employee

Getting started

As an employer your role is to help make the HSA funding process as easy as possible.

- It's important to understand the timing of payroll processing within the employer portal's system so that your own internal payroll processes (file creation, upload, processing, posting, and money movement) all align seamlessly.
- You'll need to determine the funding strategy - whether via payroll deduction (125 plan), employer contributions, or both. We have found that when an employer contributes to an HSA, the enrollment in HDHP/HSAs is 20-50% higher, depending upon the amount contributed. HSAs make the transition to a HDHP a much more employee-friendly event than just moving to a higher deductible plan without the safety net of an HSA.

Employer portal overview

The employer portal, located at https://www.wealthcareadmin.com/selfservicelogin.aspx, provides a number of self-service capabilities for you to manage your employees' HSAs.

To login to the employer portal, use the user ID and password provided by Verde Services. The first time you login, you will be asked to change your password. The password requirements are listed on screen. Once logged into the portal, you arrive at the *homepage* which provides you with a number of quick links on the body of the page plus tabs to manage different activities.

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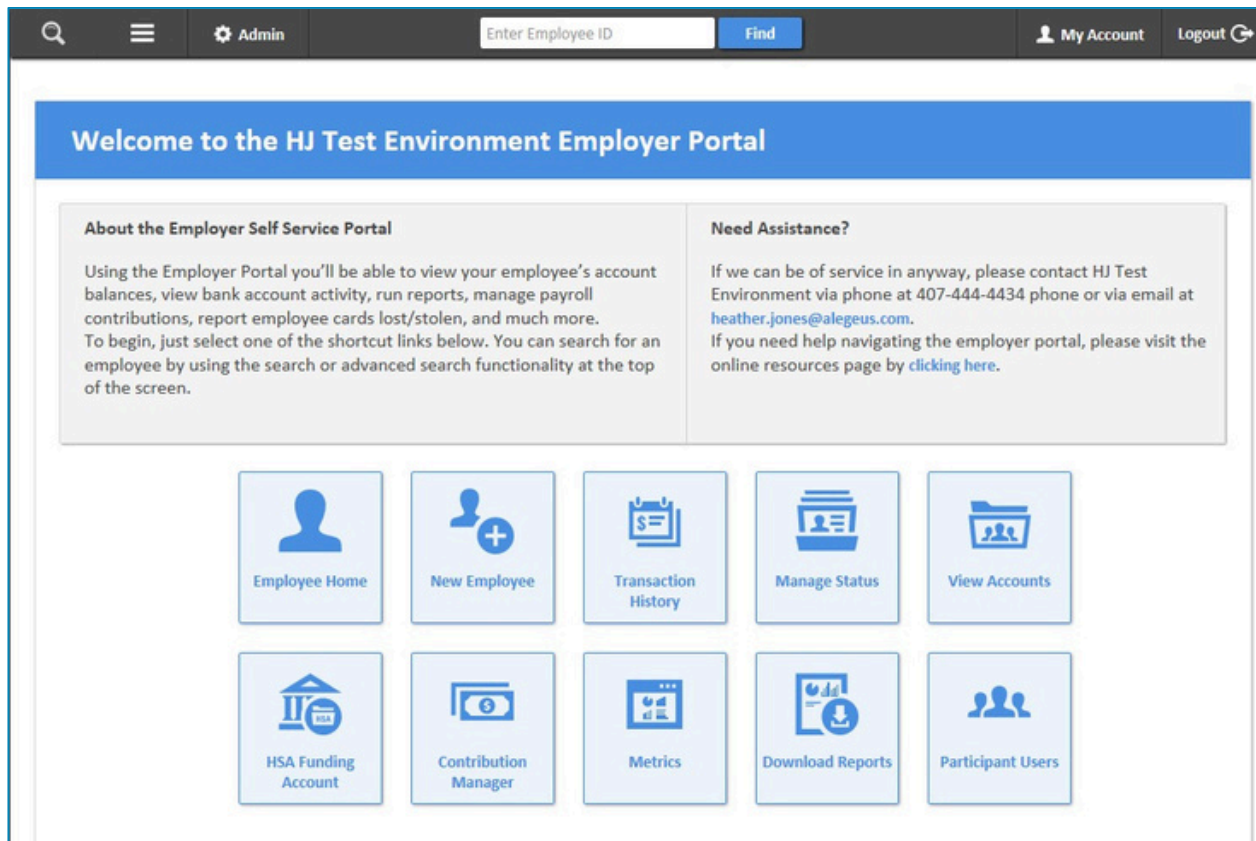
Funding options overview

There are a few ways you can make account contributions:

1. File upload in the employer portal
2. The Contribution Manager tool within the employer portal
3. ACH direct
4. Secure file transfer via sFTP site

The table below offers a high-level summary of each of these options. We will go into more detail on funding options further in the guide.

Method	Employee identifier used	Ability to specify payroll date	Ability to specify employer vs employee contribution	Group funding process	What if employee's HSA is not active?	Ability to specify current vs. prior year contribution
File upload *Employer portal*	SSN	Yes (can be current day, past or future)	Yes	Employer debited next day for total of processed contributions	If 'pending account opening' is allowed, then deposit remains in a pending status. If it's not allowed, then no deposit is processed, employer can upload again once HSA is opened or reactivated.	Yes
Contribution Manager *Employer portal*	Employer generates a fulllist of employees withopen HSAs					
Direct ACH	HSA account number	No	No	Funded through employer's bank direct to HSAs	The direct deposit ACH is returned to the employer	No
Secure sFTP	SSN	Yes (can be current day, past, or future)	Yes	Employer debited next day for total of processed contributions	If 'pending account opening' is allowed, then deposit remains in a pending status. If it's not allowed, then no deposit is processed, employer can upload again once HSA is opened or reactivated.	Yes

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Steps to begin processing funds

If you choose to use a method other than direct ACH, a bank account is required to facilitate NACHA file creation. These NACHA files initiate money movement from your bank account to your employees' health savings accounts.
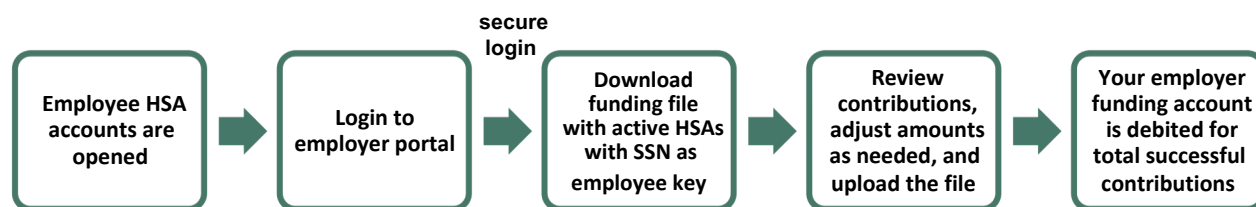
1. Provide your banking information (bank account number, routing number, bank name, etc.)
2. We enter your banking information into our system as part of the employer setup process.
3. When you transmit payroll files to the system, an aggregated ACH file is created to debit the bank account provided and to credit individual HSAs with the contribution amount in the payroll file.
4. There is a validation process for all new bank accounts added to our system. The day after your HSA bank account is entered into the system, a $0.01 pre-note transaction is initiated to confirm that ACH transactions can flow as expected. During the 3-day validation process, contributions can be loaded but they will not begin processing until the validation is successfully completed.

Once your bank account has been entered, configured, and successfully validated, an ACH initiates anytime a deposit occurs in the system on your employees' accounts. You can view ACH transactions by navigating to *main menu > employer > account activity > ACH history*.

Now, we'll go over the funding options you can use to move money into your employees' accounts.

Option 1: File upload via employer portal

We will work with you to design a file format that works with our system. You can then download your payroll file as a .CSV format, edit the contribution amounts as needed in Microsoft Excel, and upload the completed file back into the system for processing.

Employee HSA accounts are opened	→	Login to employer portal	→	Download funding file with active HSAs with SSN as employee key	→	Review contributions, adjust amounts as needed, and upload the file	→	Your employer funding account is debited for total successful contributions

secure login (above "Login to employer portal")

This can be accomplished in the **contribution import & results** page in the employer portal.

Main menu > employer > Contribution Manager > contribution import & results

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Step 1: To download your payroll file, choose the planyear and benefit plan, any billing groups, account segments, or divisions applicable, and then enter thepayroll date. Once complete, create or download your payroll file. Choose to include all accounts or active accounts only. Once selected, the payroll files will begin to download.
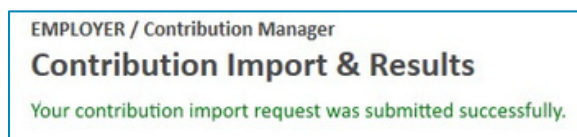
As shown below, once you open the downloaded .CSV file, you can edit employee and employer contributions within the Microsoft Excel application. After amounts have been entered and saved, you must upload the file back into the system for processing.

	A	B	C	D	E	F	G	H	I	J
								Employee Contributions	Employer Contributions	
1	Payroll Date	Account Type Code	Plan Start Date	Plan End Date	Last Name	First Name	Employee ID	Per Pay Period	Per Pay Period	
2	20150508	HRA	20150101	20151231	Reynolds	Lara	222222222	50	50	
3	20150508	HRA	20150101	20151231	Hall	Kerry	333333333	75	75	
4	20150508	HRA	20150101	20151231	Osborne	Ryan	444444444	100	100	
5	20150508	HRA	20150101	20151231	Stanton	Carl	555555555	50	50	
6										
7										
8										

Important note: Leading zeros are dropped from employee IDs when the file is populated in Microsoft Excel. You must manually add the missing zeros back into the file before importing it into the system.If missing zeros are not added back into the file prior to upload, the system won't properly match the contribution to the employee.

Step 2: To import contributions, use the browse button on the ***contributions import & results*** page to locate your saved payroll file. Select the **'process'** button.

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Once the submission is successful, the following message will appear in green at the top of the page. It can take a few moments for processing to complete. Once complete, the file will appear in *view results*.

EMPLOYER / Contribution Manager
Contribution Import & Results
Your contribution import request was submitted successfully.

Step 3: To view results, click the **'refresh'** button. Once the file has finished loading, a table will appear in the *view results* section near the bottom of the page.

Use this table to indicate success or failure for each line of your uploaded file. Successful contributions will display a pending status and can now be viewed and edited in the *pending contributions* section of the main *Contribution Manager* page until they have been processed. Contributions entered prior to 4:45pm ET will be posted the following day by 5pm ET.

View Results

View results from previously imported files. Select dates below to search for files imported between a specific date range.

Start Date: 4/28/2015   End Date: 5/8/2015   Refresh

Past Imports: Payroll Deposit - May 08 2015.mbi-20150508114406 5/8/2015 11:44:06 AM ⌄   ☐ Errors Only

Line	Empr ID	Empe ID	Employee Amount	Employer Amount	Resp Code	Resp Code Error	Result
1	PRDHEATHER	222222222	$88.00	$88.00	0	Success.	Success
2	PRDHEATHER	333333333	$45.00	$66.00	0	Success.	Success
3	PRDHEATHER	444444444	$26.00	$288.00	0	Success.	Success
4	PRDHEATHER	555555555	$88.00	$88.00	0	Success.	Success
Total Approved:			$247.00	$530.00			4 lines found.
Total Requested:			$247.00	$530.00			4 lines found.

Export to Excel

Uploading a file to process contributions before 4:45pm ET will fund the following day by 5pm ET.

Option 2: Contribution Manager via employer portal

You can also enter contribution information directly into the Contribution Manager tool versus creating and uploading a file. Please note that the **create contributions** page is available for plans with up to 400 participants. Plans with more than 400 participants must use payroll files via the **contributions import & results** page (option 1).

Employee HSAs are opened → Login to employer portal → Navigate to *create contributions* page, enter desired payroll date, and employer amount for all → All employees display with employer amount; enter employee contributions → Employer acount debited for total successful contributions
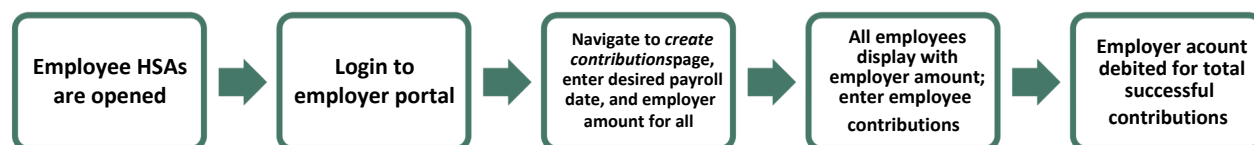
Navigate to the **create contributions** page within the interface, and confirm your group, plan year and benefit plan are selected.

Main menu > employer > Contribution Manager > create contributions

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Step 1: Select the payroll date and enter the date the contribution will be posted to the employees' accounts.

Step 2: In this step, you can choose to have the system automatically load the amount of each contribution by pay period amounts, coverage tier or division. If necessary, any individual contribution can be edited once the contributions have been loaded.

Below is an example of what you'll see when the **'setby coverage tier'** option is selected:

Step 3: Select accounts to receive contributions. You can choose to display only active accounts or all accounts.

Step 4: Click the **'display contributions'** button. Based on your selections, a contribution table will populate. From here, you can manually edit contributions in the table as necessary.

Below the contribution table are a few buttons:

- **Load contributions:** Use the table above to load all contributions as pending. You will be able to review pending contributions before they are submitted for processing.
- **Export to Excel:** Export all contributions shown into a Microsoft Excel spreadsheet.
- **Clear employee/employer amounts:** Allows you to clear out all employee or employer contribution amounts so you can enter them manually.
- **Save employee/employer amounts as employee/employer per pay period election**: Saves the current employee and/or employer contribution amounts as the per pay period election amounts. The next time contributions are loaded using 'per-pay-period amounts' as the method to auto-populate contributions, the saved amounts populate as the employee/employer amount. These buttons can be used, for example, to save amounts of $0 for HSA account holders, which can help in situations where the employee is still active but is not currently contributing to their HSA.

Step 5: Load your contributions and confirm they are accurate. All newly saved contributions display with a pending status.

Contribution Results

The table below lists the contributions pending for the payroll date above, including payroll contributions previolusly loaded. To load additional contributions, please click reload the 'Create Contributions'

Employee ID	Name	Display Date	Account Type	Deposit Type	Status	Employee Amount	Employer Amount	Action
222222222	Reynolds, Lara	5/7/2015	HRA	Payroll	Pending - Future Deposit	$50.00	$25.00	Edit Delete
333333333	Hall, Kerry	5/7/2015	HRA	Payroll	Pending - Future Deposit	$75.00	$60.00	Edit Delete
444444444	Osborne, Ryan	5/7/2015	HRA	Payroll	Pending - Future Deposit	$100.00	$50.00	Edit Delete
555555555	Stanton, Carl	5/7/2015	HRA	Payroll	Pending - Future Deposit	$50.00	$25.00	Edit Delete
Total:						$275.00	$160.00	

4 pending contributions found.

To make any final changes to the pending deposits, use the edit and delete buttons found in the action column.

Under the results table, there are more buttons:

- **Delete all:** Use this button to delete all the contributions you just saved.
- **Expedite processing of pending contributions:** This pushes eligible HSA contributions to process immediately. Simply click this button after loading contributions on screen or in the *Contribution Manager > pending contribution* section. From there, contributions are posted based on a one-day bank processing delay.
- **Export to Excel:** Export all contributions shown into a Microsoft Excel spreadsheet.

Using Contribution Manager to process contributions before 4:45pm ET will fund the following day by 5pm ET.

The main Contribution Manager page view

This is where you can view all pending, posted and denied deposits, as well as elections and future automated deposits. Each of these sections can be expanded by clicking the arrow icon located on the right side of your screen.

To view contributions, select the employer group, plan year, benefit plan, and payroll start and end dates at the top of the page and select the **Search** button. Applicable contribution data will display into the appropriate section below.

Important to note: Payroll start and end dates cannot be a range greater than 90 days.

Posted payroll deposits

This section shows all posted payroll deposits for the chosen plan and timeframe.

Denied payroll deposits

Any payroll deposits that failed or were denied are displayed in this section. Available information on why the deposit could not be posted is provided.

Common denied deposit error codes

Error Code	Error Description	User Description	Meaning
471	Invalid Product Partner Current Year Contribution Transaction Code	Invalid Product Partner Current Year Contribution Transaction Code	Wrong transaction code associated to contribution
472	Invalid Product Partner Current Year Negative Contribution Transaction Code	Invalid Product Partner Current Year Negative Contribution Transaction Code	Wrong transaction code associated to contribution
473	Invalid Product Partner Account Number DDA	Invalid Product Partner Account Number DDA	A demand deposit account (DDA) is an HSA number that has been submitted but does not yet have an active account number in the system
502	Bank account closed	Previously active account has been closed by the customer of RDFI.	Account has been closed by the bank - no longer open. Would require bank to re-open the account if needed.
504	Invalid bank account number	Account number structure is not valid.	Invalid bank account number format
516	Bank account frozen	Funds in bank account are unavailable due to action by RDFI or legal order.	Account is frozen so no transactions can post against it.
543	External funding deposit failure	External funding deposit failure	ACH failed deposit into HSA from an external bank account.
587	Exceeds Family + Catch-up Limit.	Contribution amount would exceed the IRS limit for Family coverage + Catch-up.	Contribution reaches the IRS contribution limit that is enforced in WCA based on member coverage tier.
588	Exceeds Family + Catch-up Limit.	Contribution amount would exceed the IRS limit for Family coverage + Catch-up.	Contribution reaches the IRS contribution limit that is enforced in WCA based on member coverage tier.
589	Exceeds Single Limit.	Contribution amount would exceed the IRS limit for Single coverage. Note: Participant has Single coverage.	Contribution reaches the IRS contribution limit that is enforced in WCA based on member coverage tier.

590	Exceeds Single + Catch-up Limit.	Contribution amount would exceed the IRS limit for Single coverage + Catch-up. Note: Participant has Single coverage.	Contribution reaches the IRS contribution limit that is enforced in WCA based on member coverage tier.
591	Exceeds Family Limit.	Contribution amount would exceed the IRS limit for Family coverage. Note: Participant has Family coverage.	Contribution reaches the IRS contribution limit that is enforced in WCA based on member coverage tier.
592	Exceeds Family + Catch-up Limit.	Contribution amount would exceed the IRS limit for Family coverage + Catch-up. Note: Participant has Family coverage.	Contribution reaches the IRS contribution limit that is enforced in WCA based on member coverage tier.
593	Exceeds Family + Catch-up Limit.	Contribution amount would exceed the IRS limit for Family coverage + Catch-up. Note: participant does not have valid coverage tier assigned.	Contribution reaches the IRS contribution limit that is enforced in WCA based on member coverage tier.
594	Exceeds Family Limit.	Contribution amount would exceed the IRS limit for Family coverage. Note: participant does not have valid coverage tier assigned.	Contribution reaches the IRS contribution limit that is enforced in WCA based on member coverage tier.
471	Invalid Product Partner Current Year Contribution Transaction Code	Invalid Product Partner Current Year Contribution Transaction Code	Wrong transaction code associated to contribution

Option 3: ACH direct

Submitting pre-tax HSA contributions via ACH direct is a quick and easy way to manage contributions because you likely already have a payroll process in place. Follow your existing payroll process, simply changing the bank routing number to the HSA custodian, [name of HSA custodian]. **The [name of HSA custodian] routing number is [insert routing number].**

Employee HSA accounts are opened → Employer receives report w/ health savings account numbers → Employer or payroll pushes contributions to individual health savings account → Individual ACH credits for active accounts posted by HSA custodian → Deposits returned for accounts not yet opened, closed or frozen
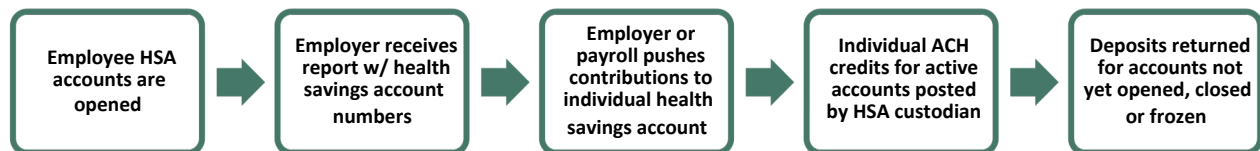
Standard ACH timing rules apply. Funds will be available by 5pm CT the day after an ACH direct has been initiated or pushed.

ACH Credit Flow

ACH contributions flow through the ACH network and standard NACHA process. You should check with your financial institution or payroll provider for specific requirements.

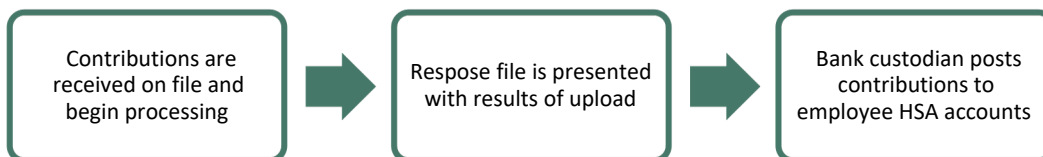| External System	FED	HSA Custodian/ Omnibus Account	HSA Custodian ACH Settlement	HSA
Employer or payroll company requests credit to the HSA	Based on routing number deposits, money is in the custodian ACH settlement account	$$ funds credited	Funds credited to ACH settlement account	Processes NACHA file & memo posts contributions to accounts that successfully accept deposits
Bank sends ACH transaction to the FED	NACHA-formatted file is sent to the Bank (credits and debits)	Receives file and is sent to us based on the account and/or routing number		Processes end ofday
				Transaction posts toaccount

Important note: The HSA account details report can be configured to optionally include employee HSA account numbers. The user running the report must have the correct profile permissions enabled and the 'mask bank account number' filter should be set to 'no'.

Option 4: Secure FTP

Contribution files may also be sent to a secure FTP folder where the files are automatically processed. Your administrator will work with you on developing a file format and setting up an sFTP folder. Once in place, you must create contribution files following the prescribed format and drop them into the secure FTP folder to initiate money movement. Your bank account is debited the next day for the sum of processed contributions unless the contributions are loaded with future effective dates more than 2 business days out.

Contributions are received on file and begin processing	→	Respose file is presented with results of upload	→	Bank custodian posts contributions to employee HSA accounts

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Reconciliation

Payroll contributions should be reconciled after they have been processed. This will confirm that the expected contributions have successfully posted to employee accounts. When reconciling, use the following reports:

- **HSA funded contribution** report to reconcile contributions funded using Contribution Manager
- **HSA payroll reconciliation** report to reconcile payroll and direct ACH contributions
- **Payroll funding reconciliation** report to get details on payroll activity

HSA funded contribution report

Use this report to confirm the status of payroll contributions submitted within a specified date range. It helps you to easily confirm contributions that have posted successfully and identify reasons for failure.

If a contribution is submitted for an account holder whose HSA status is not active, the contribution will fail and will be reflected on this report. Failed contributions must be reviewed and resubmitted once the HSA is active.

The total dollar amount of successful contributions should balance to the amount of the ACH pulled from the employer.

Funded Contribution Status Report
Contributions For Dates: 7/1/2017 - 7/18/2017
Contributions Status : All
Report Generation Date: 7/18/2017 6:26:45 AM

Tpa Id	Tpa Name	Employer ID	Employer Name	Plan ID	Partner Name	External Account ID	First Name	Last Name	Employee ID	Account Type Code	Contribution Amount	Contribution Status	Error Description
T011111	ZYZ	ABC123	ABC Company	HSA	Bank Name		Payroll	Test	987654321	HSA	66.67	Unsuccessful	Invalid Product Partner Account Number DDA
T011111	ZYZ	ABC123	ABC Company	HSA	Bank Name	123456789	Payroll	Test 2	147258369	HSA	268.75	Successful	Success.

HSA payroll reconciliation report

This report provides a list of payroll-funded HSA deposits within a specified date range. Use this report to reconcile employee contributions posted via ACH direct as well as payroll funding for employees and employers.

This report does not include failed or unsuccessful contributions. The total contributions reflected in this report should balance to the amount of the ACH pulled from the employer or the total amount transmitted via ACH.

Payroll funding reconciliation report

This report can be used to provide details on payroll activity when payroll funding is used. The data included supports reconciliation of the entire life cycle of a payroll deposit (submission, processing and funding) to confirm the data and amounts are in sync. The report supports reconciliation for HSA payroll funding methods, by date range using payroll date, transaction date, settlement date or invoice date.

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