

hold on medical savings accounts for all those whose MSA Authorization forms have been approved and processed.

For instance, if you authorized \$10 a month, your MSA account will reflect a hold of \$30 at the beginning of every new quarter. In the event that the funds in your MSA is less than three months of authorized amounts, your balance will be negative.

### IF YOUR MSA HAS NON-SUFFICIENT FUNDS (NSF)

As a participant in this arrangement, you agree to be responsible for maintaining a sufficient balance in your MSA account.

Although the quarterly hold mentioned in the previous section ensures that your authorized amount is held at the beginning of every quarter, there may be cases where your MSA is not enough to pay the authorized amount to your insurance carrier. Should this occur, our system will indicate that your account has non-sufficient funds (NSF).

We will inform you of the NSF and you have the option of making a deposit to your MSA or authorizing an additional allotment through your employer. No payment will be made for anybody with an NSF and your name and payment are automatically dropped from the check due to the insurance carrier.

### DID YOU KNOW?



Palau is not the first country to establish a nationally provided healthcare system. Since 1984, Singapore has successfully operated a program that includes medical savings accounts. The medical savings account provided in the HCF is modeled after Singapore's program.

REPUBLIC OF PALAU

# HCF

HEALTHCARE FUND



### CONTACT US

The Medical Savings Account and National Health Insurance established under the HCF is just the beginning of an improved, comprehensive healthcare financing system. It is the **FIRST STEP** in addressing many of Palau's healthcare financing concerns. If you have any questions or suggestions about the program, please feel free to contact the Social Security Administration:



**Republic of Palau Social Security Administration**

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Email: [administration@ropssa.org](mailto:administration@ropssa.org)  
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**Republic of Palau  
Social Security Administration**

**AUTHORIZING  
YOUR MSA  
to pay for  
PRIVATE HEALTH  
INSURANCE PREMIUMS**

REPUBLIC OF PALAU

# HCF

HEALTHCARE FUND

## MEDICAL SAVINGS ACCOUNTS

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Medical savings accounts (MSAs) are one of two components that make up the Healthcare Fund program. MSAs comprise only of employees' 2.5% contributions. They do not include employer contributions.

The HCF program allows for MSA holders to their MSA funds to pay for their private health insurance policies. They can either participate in this arrangement as part of their company (if the private insurance is employer-based) or as an individual. Payments are delivered to private insurance carriers at the end of every month.

## HOW TO GET STARTED

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**If you wish to participate in this arrangement as an employer group:** We request that a representative from your HR or Accounting Department visit the Social Security Administration to pick up all necessary documents that must be completed. Your employer must sign an agreement that will allow them to formally participate in this arrangement. Authorization forms will be provided to your employer who will later distribute the forms to interested employees who wish to participate in this arrangement.

**If you wish to participate as an individual:** Please visit the Social Security Administration to pick up an authorization form. You will be able to use this form to specify a monthly amount to be paid to your private health insurance carrier. You may also

authorize your MSA to pay for private health insurance premiums for dependents and designated beneficiaries that you have enlisted in your HCF Enrollment Form.

## HOW MUCH SHOULD I AUTHORIZE?

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Because you can only authorize what is in your MSA funds, the first step is to determine your monthly contribution to your MSA. If your MSA is enough to pay for your monthly premium, no additional steps must be taken. However, if your monthly MSA contribution amount is not enough to pay for your premium, you have the following options:

1. Allot or deposit additional money into your MSA so you can proceed with authorizing the full premium amount.
2. Work with your employer so that the balance can be paid directly from your employer to the private insurance carrier. In this case, your private insurance carrier will receive a check from SS to pay for part of your premium and a second check from your employer to pay the remaining balance. Most employers and private insurance carriers are able to work with this option.

## PROCESSING TIME

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Participating individuals will have until the 15<sup>th</sup> of each month to submit new authorization forms in order to be eligible for payment to be submitted to their private health insurance carrier by the end of that month.

For example, complete authorization forms submitted before or on April 15<sup>th</sup> will be paid

to the private insurance company by the end of April, while authorization forms submitted between April 16 and May 15 will be paid to the private insurance company by the end of May.

## MAKING CHANGES TO YOUR AUTHORIZATION FORM

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If you would like to make any changes to your original MSA authorization form, such as increasing or decreasing a previously-authorized amount, you may fill a new authorization form and submit it to our office. Any changes must be submitted to the SS office no later than the 15<sup>th</sup> of each month for that change to go into effect that month.

## EFFECTS ON YOUR MSA

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By participating in this arrangement, you will reduce, or in some instances, may even exhaust the funds in your MSA. This means that dependents or designated beneficiaries you have enrolled under your name will have limited use of your MSA.

The next section called "Quarterly Holds" will explain how the balance in your MSA account will be affected at the beginning of every new quarter.

## QUARTERLY HOLDS

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To ensure that sufficient balances are always available in your MSA to pay for the monthly amount so authorized by you so that you have continued and uninterrupted private insurance coverage, our office has implemented a quarterly