



# Health Savings Account Handbook



# Health Savings Accounts

Paying for health care is now easier and less expensive with a Health Savings Account (HSA) from ConnectYourCare.

## What is an HSA?

An HSA is like a 401(k) for health care. HSAs are tax-advantaged accounts that accumulate interest and can earn investment returns. The funds can be used to pay for qualified medical expenses today or can be saved for future expenses. It is owned by you, is 100% vested from day one, and lets you build up savings for future needs.

HSAs offer triple tax savings, and funds never expire!

- **Triple tax savings.** Qualifying contributions, whether they are made by you or your employer, are not taxable to you, and investment growth is not taxed while it is in the account. Distributions are not taxable as long as they are spent on eligible health care expenses incurred after the HSA was established.
- **Interest and investments.** Not only will your HSA balance earn interest each month, but you will also have the option to invest in nationally recognized mutual fund families.
- **Multiple uses.** There are hundreds of eligible health care expenses for your HSA funds, including prescriptions, over-the-counter items, health insurance deductibles, and coinsurance. Funds may even be used for qualified expenses for your spouse or dependents.
- **Easy to access.** Funds in the account are easily accessed with the payment card. Or, you can submit withdrawal requests online when using the card is not convenient.
- **Take it with you.** Because your HSA is owned by you, if you change jobs or health plans, your account stays with you. You can even use your account for retirement expenses when you reach 65.

## HSA Rules & Regulations

- HSAs remain with you even if you change health plans or companies. If you open an HSA and later become ineligible to make contributions, you can still use your remaining funds.
- To be eligible to open and contribute to an HSA, you must be covered by a qualified High Deductible Health Plan (HDHP).
- HSA funds may be used for any eligible health care expense not covered by insurance or any other plan for yourself, your spouse, or tax dependents.
- HSA funds can be withdrawn for non-health care items, but will be subject to regular income taxes and a 20% excise penalty.
- For 2019, contributions may not exceed \$3,500 for individual coverage or \$7,000 for family coverage. Individuals ages 55 or older can make additional “catch-up” contributions of up to \$1,000 for 2019. For 2018, contributions may not exceed \$3,450 for individual coverage or \$6,900 for family coverage. Individuals ages 55 or older can make additional “catch-up” contributions of up to \$1,000 for 2018.
- The IRS may request itemized receipts for HSA purchases during tax time. **Always save your itemized receipts!**

## Using Your Health Savings Account

We make it easy to access and use your account funds. There are two ways to pay for health care. Remember to save your itemized receipts in case they are requested during tax time.

1. **Use Your Payment Card:** This is the simplest way to purchase health care! Pay using your payment card. Then, log on to your online account regularly to check your balance.
2. **Pay with Personal Funds and Request Reimbursement:** Pay using your own personal credit card, cash, or check. Then, log on to your account online or with our mobile app to file for reimbursement. You can receive reimbursement funds via check or direct deposit.

**Tip:** Set up direct deposit online to receive quicker reimbursements.

### How to Pay at...

- **The Doctor, Dentist, Eye Doctor, or Hospital.** When you pay for health care at the doctor, dentist, eye doctor, or hospital, be sure to always present your health insurance ID card first to ensure proper processing of your charges.  
  
If you are asked to pay a copay, you may pay with your payment card, or you may pay using personal funds and request reimbursement online.  
  
If you're asked to pay for additional charges, do not pay your provider until the claim is processed by your health plan and you receive your Explanation of Benefits (EOB) in the mail. This helps avoid overpayment. Compare your EOB with the provider's bill to verify the amount being charged by your provider is the same as the patient balance on the EOB. You may then pay using your payment card, or pay using personal funds and request reimbursement online.
- **The Pharmacy.** When purchasing prescriptions, always present your health insurance ID card to the pharmacy to make sure you receive your health plan discount. You may pay with your health care payment card, or you may pay with personal funds and request reimbursement from your account.



### HSA Enrollment Eligibility

Most taxpayers are eligible for an HSA. However, you are ineligible for an HSA if:

- You can be claimed as a tax dependent on another person's taxes. Generally, this excludes children under age 19 (or 24 for students), or other household members with limited income who are supported by the taxpayer.
- You are enrolled in Medicare.
- Your care is covered by your own or a spouse's non-HSA-qualified health plan, Flexible Spending Account (FSA), or Health Reimbursement Arrangement (HRA).
- Additionally, beginning on January 1, 2016, you are ineligible if, in the past three months, you have received Veteran's Administration benefits that were not connected to a service disability.

**Learn more about HSAs!**

[www.ConnectYourCare.com/hsavideo](http://www.ConnectYourCare.com/hsavideo)



## Using Your Payment Card

We provide a convenient payment card to access account funds. You will receive this card in the mail.

Below are four tips to make using your payment card simple and easy.

- 1. Pay for Qualified Expenses with Your Card.** Pay for qualified products and services directly at approved merchants (see sidebar). The money comes right out of your health care account. Provide your card to a qualified merchant or provider, and they will swipe your card like any other credit or debit card to pay for your purchase. If asked, select "credit," to use it without a personal identification number (PIN), or "debit" to use a PIN. There is a preset PIN associated with your card, which is the last 4 digits of your card number. To select a different PIN, call 888.999.0121.
- 2. Get Your Balance.** By frequently checking your account balance online or on the mobile app, you will have a good idea of the amount of funds available in your account. When you swipe your payment card, the system makes sure that your coverage is active and that you have sufficient funds in your account for the full amount. If not, the transaction will be denied. You can swipe the card for the amount left in your account and pay the difference with another form of payment.
- 3. Know What's Eligible.** Familiarize yourself with what expenses are eligible using the list of eligible expenses in this guide, your online account, or your employer's plan documents. Examples of eligible expenses are doctors' visits, prescription drugs and many over-the-counter medications. If you use the card for ineligible expenses, you have the option to reimburse the plan, or you may be required to pay income taxes and an additional penalty tax.
- 4. Save Your Itemized Receipts.** Although your payment card eliminates the need to file paper claims, the IRS may require itemized receipts for tax purposes.

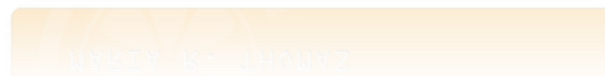
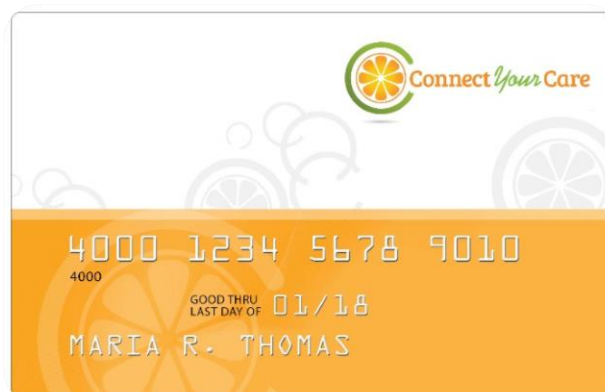
## Use Your Card at Approved Merchants

Your card has been programmed to work only at approved merchant locations that are designated as health care merchants based on their Merchant Category Code (MCC) or are IIAS compliant.

Examples of approved merchants include doctor's offices, hospitals and many groceries, pharmacies and other stores that are IIAS compliant. Visit [www.ConnectYourCare.com/stores](http://www.ConnectYourCare.com/stores) for a list of certified IIAS stores.

For purchases at locations that are not approved, you can pay with other means, then submit a request for reimbursement through your online or mobile account.

The card should only be used to pay for eligible medical expenses, and you should always save your receipts.





## Using Your Online Account

Our online participant portal puts account information and health education tools at your fingertips.

### Online Account Features

- Get account balance
- View payment card changes
- View HSA interest payment
- Enter a request for withdrawal
- View withdrawal requests
- Manage HSA investments
- Read important messages
- View reimbursement schedule
- Access tips & tools from WebMD
- Find answers to frequently asked questions

## Mobile Solutions

### Mobile App

We offer a secure, interactive mobile application for Android, iOS and Windows devices.

- View account balance, account alerts and transaction history
- View all claims, claims requiring action, and claims details
- Submit a new claim
- Make payments with Online Bill Pay and Click-to-Pay (if applicable)
- Receive important account alerts
- Tap to call Customer Service
- Upload claim documentation – quick and easy way to submit receipts using your device's camera.

### Mobile Alerts and Two-Way Texting

Our Mobile Alerts feature lets you access account information at any time using text messaging. Simply opt into the service online.

### Mobile Browser

We also offer a streamlined version of your online account that allows you to access your most important account information including account balances, transaction history, claim summaries, claim details and FAQs, all on your smartphone without having to download our mobile app.

### Where to Begin

- Go to [www.ConnectYourCare.com](http://www.ConnectYourCare.com).
- Select the log in link from the upper right hand corner.
- Sign in with your user name and password.
- If it is your first time visiting the site, choose New User Registration to select your name and password.

### Enter a New Claim

If you pay for an expense using personal funds (not your payment card), you will need to enter a claim for reimbursement. Entering a new claim is easy.

- Log into your online account or mobile app.
- Click to add a new request for payment or reimbursement.
- Enter the required information about your expense.
- Follow the instructions to submit your documentation via upload, fax, or postal mail.

## Health Savings Account Calculator

While there's no such thing as free money, an HSA can help your money go a lot further. Use this worksheet to see how much you can save.

### Step 1: Estimate Personal Expenses

An HSA can cover medical, dental or vision expenses that you would otherwise pay using personal funds. Enter the annual amounts you spend on each expense to see how much you typically pay using personal funds.

Chiropractic services	
Psychiatric services	
Medical supplies and equipment	
Laboratory or x-ray charges	
Surgical or outpatient procedures	
Hospitalization expenses	
Prescription drugs	
Eligible over-the-counter items	
Other medical expenses	
Dental deductible	
Dental preventative visits	
Orthodontia expenses	
Other dental expenses	
Vision exam	
Glasses, contact lenses, supplies	
Other vision expenses	
Other expenses	
<b>Annual Out-of-Pocket Costs</b>	

### Step 2: Calculate Tax Savings

Sum your personal funds expenses plus any additional contributions you plan on making. Then, multiply that total by your tax rate to calculate your tax savings.

Annual Out-of-Pocket Costs (from Step 1)	
+ Additional HSA Contributions	
= Total Annual Election	
Tax Rate (from table below)	
<b>Annual Tax Savings</b> (Annual Elections x Tax Rate)	

#### Tax Rate Table

<u>Annual Household Income</u>	<u>Estimated Tax Rate*</u>
less than \$30,000	25%
\$30,000 - \$39,999	29%
\$40,000 - \$69,999	31%
\$70,000 or greater	33%

*\*Tax rates are estimated based on a combination of social security, federal and state income taxes using national averages and may not reflect your actual tax rate.*

**Try our online calculators!**

[www.ConnectYourCare.com/eecalculators](http://www.ConnectYourCare.com/eecalculators)

## HSA Eligible Expenses

**Eligible Expense Examples** – There are hundreds of eligible expenses for tax-free purchase with your account funds, including prescriptions, doctor’s office copays, health insurance deductibles, and coinsurance. Many over-the-counter (OTC) treatments are also eligible, though keep in mind that many require a prescription, letter of medical necessity, or doctor’s directive.\*

- Acupuncture
- Alcoholism treatment
- Ambulance
- Artificial limb
- Birth control pills
- Blood pressure monitoring device
- Breast pumps and related supplies
- Chiropractic care
- COBRA premiums (post tax only)
- Contact lenses and related materials
- Dental treatment
- Dentures
- Diagnostic services
- Drug addiction treatment
- Eye examination, eye glasses and reading glasses
- Family planning items
- Fertility treatment
- Flu shot
- Hearing aids
- Hospital services
- Immunization
- Insulin and diabetic supplies
- Laboratory fees
- Laser eye surgery
- Long-term care premiums or expenses (post tax)\*\*
- Medical testing devices
- Nursing services
- Obstetrical expenses
- Orthodontia (not for cosmetic reasons)
- Over-the-counter (OTC) treatments containing medicine– cold treatments, ointments, pain relievers, stomach remedies, etc.\*
- Over-the-counter (OTC) treatments without medicine – bandages, wraps, medical testing devices, etc.
- Oxygen
- Physical exam
- Physical therapy
- Prescription drugs
- Psychiatric care
- Retiree (post-65) medical insurance premiums (post-tax)
- Smoking cessation program and medications\*
- Surgery
- Sunscreen & sun block (SPF 15+, broad spectrum)
- Transportation for medical care
- Weight loss program to necessary to treat a specific medical condition
- Wheelchair, walkers, crutches and canes

**Ineligible Expense Examples** – These items are not generally eligible for tax-free purchase with your account funds.

- Concierge service fees (billed for future services; no treatment provided)
- Cosmetics and cosmetic surgery
- Deodorant
- Exercise equipment
- Fitness programs
- Funeral expenses
- Hair transplants
- Household help
- Illegal operations and treatments
- Maternity clothes
- Teeth whitening

**Dual Purpose Items** – Items that can be used for a medical purpose or for general health and well-being are considered “dual purpose” and are eligible only with a prescription, doctor’s directive or letter of medical necessity. Examples include:

- Dietary and weight loss supplements
- Fiber supplements
- Orthopedic shoes and inserts
- Snoring cessation aids
- Vitamins and herbal supplements

\*OTC items that contain a drug or medication require a prescription in order to be reimbursed. A “prescription” means a written or electronic order for a medicine or drug that meets the legal requirements of a prescription in the state where the medical expense is incurred, and the prescription must be issued by an individual who is legally authorized to issue a prescription in that state.

\*\*Limitations apply. See IRS Publication 502 for more information.

## Interest Earnings and Investment Options

ConnectYourCare's HSA not only helps you take control of your health care, but also provides you with the opportunity to earn money through interest and investments.

### Interest Earnings

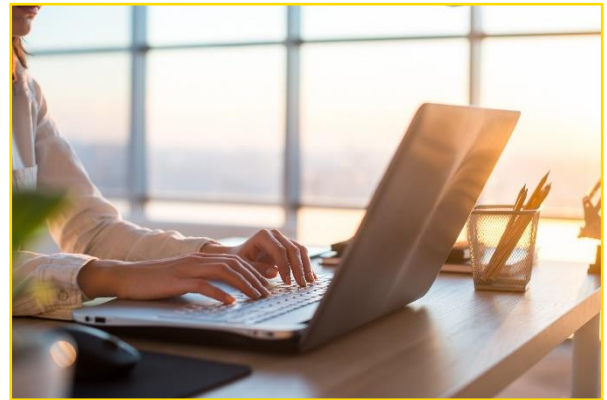
You will earn interest on your HSA balance from day one. And the more you save, the more you earn. Because your HSA funds do not expire, if you have contributed more than you need for a plan year, those funds roll over and continue to earn interest.

### Investment Options

You may also invest HSA funds. You can manage your investment options using your online account. Our enhanced participant portal provides online access for you to invest funds.

To access HSA investments, simply follow these steps:

1. Log into your account at [www.ConnectYourCare.com](http://www.ConnectYourCare.com).
2. Click on the link for investments.
3. Choose your preferred investment options.



*Investments in mutual funds are not FDIC insured, not bank issued or guaranteed, and are subject to risk, including fluctuations in value and the possible loss of the principal amount invested. Please consult your financial planner for more information.*

**An HSA allows you not only to save money, but gives you the potential to earn money too!**



## Contribution Limits for Married Couples

	Employee: No coverage of any kind	Employee: Self-only non-HDHP coverage	Employee: Self-only HDHP coverage	Employee: Family non-HDHP coverage*	Employee: Family HDHP coverage*
<b>Spouse: No coverage of any kind</b>	Neither person is eligible, nor may either contribute to an HSA.	Neither person is eligible, nor may either contribute to an HSA.	Employee is eligible and may contribute to an HSA; his maximum contribution is \$3,500. Spouse is not eligible and may not contribute to an HSA.	Neither person is eligible, nor may either contribute to an HSA.	Employee is eligible and may contribute to an HSA; his maximum contribution is \$7,000. Spouse is not eligible and may not contribute to an HSA.
<b>Spouse: Self-only non-HDHP coverage</b>	Neither person is eligible, nor may either contribute to an HSA.	Neither person is eligible, nor may either contribute to an HSA.	Employee is eligible and may contribute to an HSA; his maximum contribution is \$3,500. Spouse is not eligible and may not contribute to an HSA.	Neither person is eligible, nor may either contribute to an HSA.	Employee is eligible and may contribute to an HSA; his maximum contribution is \$7,000. The spouse is not eligible and may not contribute to an HSA.
<b>Spouse: Self-only HDHP coverage</b>	Spouse is eligible and may contribute to an HSA; her maximum contribution is \$3,500. Employee is not eligible and may not contribute to an HSA.	Spouse is eligible and may contribute to an HSA; her maximum contribution is \$3,500. Employee is not eligible and may not contribute to an HSA.	Both people are eligible and each may contribute to an HSA; maximum contribution for each is \$3,500.	Neither person is eligible, nor may either contribute to an HSA unless the spouse is not covered by the employee's family non-HDHP coverage. In that case, the spouse is eligible to contribute up to \$3,500.	Both people are eligible and are treated as having only family coverage and may contribute to an HSA; maximum combined contribution is \$7,000, to be divided between them by agreement.
<b>Spouse: Family non-HDHP coverage*</b>	Neither person is eligible, nor may either contribute to an HSA.	Neither person is eligible, nor may either contribute to an HSA.	Neither person is eligible, nor may either contribute to an HSA unless the employee is not covered by the spouse's family non-HDHP coverage. In that case, the employee is eligible to contribute up to \$3,500.	Neither person is eligible, nor may either contribute to an HSA.	Neither person is eligible, nor may either contribute to an HSA unless the employee is not covered by the spouse's non-HDHP coverage. In that case, the employee is eligible to contribute up to \$7,000.
<b>Spouse: Family HDHP coverage*</b>	Spouse is eligible and may contribute to an HSA; her maximum contribution is \$7,500. Employee is not eligible and may not contribute to an HSA.	Spouse is eligible and may contribute to an HSA; her maximum contribution is \$7,000. Employee not eligible and may not contribute to an HSA.	Both people are eligible and are treated as having only family coverage and may contribute to an HSA; maximum combined contribution is \$7,000, to be divided between them by agreement.	Neither person is eligible, nor may either contribute to an HSA unless the spouse is not covered by the employee's family non-HDHP coverage. In that case, the spouse is eligible and may contribute up to \$7,000.	Both people are eligible and are treated as having only family coverage and may contribute to an HSA; maximum combined contribution is \$7,000, to be divided between them by agreement.

Maximums shown refer to 2019 limits: \$3,500 for self-only coverage and \$7,000 for family coverage. These amounts do not reflect the additional "catch-up" contributions allowed for individuals who are age 55 or older. The catch-up contribution limit for 2019 is \$1,000.

\*Family coverage is any coverage other than self-only coverage. It does not necessarily cover the other spouse. For example, it might cover only one parent and the children. Code § 223, the statutory rules governing HSAs, contains a special rule for married individuals, which provides that if either spouse has family coverage, then both spouses are treated as having only that family coverage. Consequently, family non-HDHP coverage on the part of either spouse that covers both spouses would make both individuals ineligible for an HSA.

## Frequently Asked Questions

### How much can I contribute to my HSA?

For 2019, you can contribute up to \$3,500 or \$7,000 per year into an HSA for individual or family coverage, respectively.

For 2018, you can contribute up to \$3,450 or \$6,900 per year into an HSA for individual or family coverage, respectively.

Individuals aged 55 or older (and not yet enrolled in Medicare) can make additional "catch-up" contributions of up to \$1,000 per person in 2019.

### How can I find out my account balance and review transactions?

Account Balance and Claims Status information is available 24 hours a day, seven days a week:

- Visit [www.ConnectYourCare.com](http://www.ConnectYourCare.com) or download the CYC Mobile app to log into your online account. If it is your first time visiting the site, choose New User Registration to select your user name and password.
- Call the number on the back of your payment card for balance information.

### How will I be able to access my HSA funds?

You will receive a payment card to access your HSA funds. You can also pay for eligible expenses with any other form of payment and request a withdrawal from your account.

### When can I request withdrawals from my HSA?

You will be able to access the funds in your account on the first day of your plan's effective date.

### How will I receive my withdrawals?

You are eligible to receive funds by check or direct deposit. For quicker payment, sign up for direct deposit in your online account.

### How do I set up direct deposit?

Log into your account and select Direct Deposit from the My Profile drop down menu. Complete the short, secure form. Be sure to have your bank account and routing numbers on hand.

### What happens if I use my HSA for an ineligible expense?

If you use your HSA to pay for an ineligible expense, you may be required to pay income taxes and an additional penalty tax.

### Can I make additional contributions to my HSA?

You can make non-payroll contributions changes in your online account.

Note: Contributions via your online account are made post-tax and can be deducted at tax time.

### Where can I use my payment card?

Your payment card can be used nationwide at qualified merchants. Examples of qualified merchants may include pharmacies, doctors' offices, vision centers, and hospitals. Visit [www.ConnectYourCare.com/stores](http://www.ConnectYourCare.com/stores) for a list of approved merchants. Your card should only be used to pay for medical expenses eligible under your plan, and you should always save your receipts.

### Can I order a replacement or additional card for my spouse or dependent?

Yes. Simply log on to your online account or contact Customer Service to request an additional card.

### Do I need to keep my receipts when I use my HSA?

YES! The IRS may require documentation to show the money was used for qualified expenses. Therefore, always hold on to your itemized receipts.

### Can I transfer HSA funds from another administrator into this HSA? How much can I transfer?

Yes, you may transfer prior HSA funds from another administrator into this HSA. You may choose to transfer any amount from a previous HSA into this HSA, and the amount that you transfer does not impact your annual HSA contribution limit.

If you would like to transfer funds from a previous HSA to this HSA, please contact customer service for the necessary paperwork required for the transfer. The paperwork will direct you to the next steps, including where to submit the required information. Once the form is received, the HSA custodian bank will process the transfer.

This guide does not constitute tax advice. For more assistance, please contact your tax advisor. You can also find more information in IRS Publication 969 at <http://www.irs.gov/pub/irs-pdf/p969.pdf>. Please keep in mind that your state might have different tax rules. Always refer to your state's tax guidance regarding HSA filing and taxation.