



COVENTRY CONSUMER CHOICESM



HEALTH SAVINGS ACCOUNTS (HSAs) FAQs

Q: DO I HAVE TO HAVE HEALTH INSURANCE TO HAVE A HEALTH SAVINGS ACCOUNT (HSA)?

A: Yes. To be eligible to open and contribute to an HSA, you need to be enrolled in a qualified high-deductible health plan (HDHP)—one with a minimum annual deductible of \$1,200 for self-only coverage or \$2,400 for family coverage.

Q: WHO OWNS THE HSA?

A: You do.

Q: DOES THE MONEY IN MY HSA EARN INTEREST?

A: Yes, and tax-free. HealthEquity calculates, compounds, and credits interest monthly based on the applicable rate for different tiers of the account balance. For current rates see the interest rate page in the HealthEquity online resource center.

Q: CAN I INVEST THE MONEY IN MY HSA?

A: Yes. Similar to an IRA, many HSAs let you choose to invest your account balance in stocks/bonds, mutual funds, CDs, and/or annuities. With your HealthEquity[®] HSA, you can typically invest in pre-selected mutual funds after you reach a \$2,000 balance in your account. (Note: Your account may have a different minimum balance. Check your plan details or call your dedicated HealthEquity Member Services line or 866.855.4066 for more information.)

Q: IS MY HSA FDIC-INSURED?

A: Yes. However, eligible monies in investments are not FDIC-insured.

Q: CAN I ROLL THE MONEY FROM MY IRA INTO MY HSA?

A: Yes. You can make a one-time rollover from your IRA into your HSA. You can't, however roll money into your IRA from your HSA. Note that a rollover will count against annual contribution amounts. For more information, call your dedicated HealthEquity Member Services line or 866.855.4066.

Q: WHO CAN PUT MONEY IN MY HSA?

A: Anyone can contribute to your HSA. However, only the account holder and the employer receive tax deductions on monies contributed. And only your contribution is tax-free.

Q: DO I HAVE TO CLAIM CONTRIBUTIONS FROM OTHERS ON MY INCOME TAXES?

A: You don't have to claim contributions you receive from others, whether your employer or your family, as gross income on your annual tax return.

Q: HOW MUCH MONEY CAN I CONTRIBUTE TO MY HSA?

A: In 2011, the maximum contribution as set by the IRS for an individual account is \$3,050 and the maximum contribution for family coverage is \$6,150. In 2012, those limits increase to \$3,100 and \$6,250, respectively. People over the age of 55 can make an additional "catch-up" contribution of \$1,000. These limits are the same regardless of the source of the contribution.

Q: WHAT HAPPENS TO THE MONEY IN MY HSA IF I LEAVE MY JOB OR RETIRE?

A: You take that money with you wherever you go. The HSA is in your name. It's your account. If you're on Medicare or go to another employer that doesn't have a qualified HDHP, you can still use your HSA money to pay for co-pays and qualified medical expenses, but won't be able to continue to make contributions to your HSA.

Q: DOES THE MONEY I HAVE IN MY HSA ROLL OVER FROM YEAR TO YEAR OR DO I LOSE THE MONEY AT THE END OF THE YEAR?

A: The money rolls over from year to year. You don't lose the money left in your HSA or the interest it's earned. It's your money.

Q: CAN I TAKE THE MONEY OUT OF MY HSA ANY TIME I WANT?

A: Yes. You can take money out anytime tax-free and without penalty as long as it's to pay for qualified medical expenses. If you take money out for other purposes, however, you'll have to pay income taxes on the withdrawal plus a 20% penalty.

Q: WHAT IS A QUALIFIED MEDICAL EXPENSE?

A: Qualified medical expenses are those that would generally qualify for the medical and dental expenses income tax deduction as outlined in *IRS Publication 502—Medical and Dental Expenses*. See www.irs.gov/publications/p502/index.html for a current complete list.



Q: DO I PAY CO-PAYMENTS IF I HAVE AN HSA?

A: If your health insurance plan requires a co-payment, you will pay the co-payment as part of the full amount your insurance has contracted to pay for the visit, which you'll pay in full until meeting your deductible. Whether you continue to pay co-payments after meeting your deductible depends on the specifics of your health plan. You can always use your HSA to pay your co-payments.

Q: I AM A PARENT ON AN HSA-BASED PLAN, BUT DIDN'T COVER MY CHILDREN UNDER THIS PLAN. CAN I USE THE MONEY IN MY HSA TO PAY FOR MY CHILDREN'S MEDICAL EXPENSES, CO-PAYS, AND DEDUCTIBLES?

A: Yes. The money in your HSA can be used to pay for qualified medical expenses of any family member who qualifies as a dependent on your tax return. However, if the dependent isn't covered under your plan, his/her expenses won't be applied toward your deductible.

Q: MY DOMESTIC PARTNER IS COVERED ON MY INSURANCE PLAN. CAN I USE MY HSA FOR MY DOMESTIC PARTNER'S MEDICAL EXPENSES?

A: If your domestic partner meets the IRS qualifications of a tax dependent, you can legally use your HSA funds for his/her medical expenses.

Q: DO I PAY FOR THE FULL DOCTOR'S OFFICE VISIT WHEN I GO TO THE DOCTOR?

A: You're responsible to pay the amount your insurance has contracted to pay your doctor, typically a discounted rate, until your deductible is met. You can use your HSA for this expense.

It's best to have your doctor's office put the charge through to your insurance, so that you receive credit toward your deductible and know exactly what to pay. Some doctors may require that you pay up front, but most bill your insurance, and then bill you only once the claim has been processed. Make sure you don't pay more than your portion shown on the explanation of benefits you receive from your insurance carrier.

Q: I'M RETIRED. CAN I STILL CONTRIBUTE TO MY HSA?

A: Yes, provided you're covered by a qualified HDHP and aren't on Medicare.

Q: IF MY SPOUSE IS ON MEDICARE, CAN I CONTRIBUTE TO AN HSA?

A: Yes. As long as you're not enrolled in Medicare yourself and are still enrolled in a qualified HDHP, you can contribute to your HSA.

Q: CAN I USE THE MONEY IN MY HSA FOR NON-MEDICAL EXPENSES?

A: Yes. If you do though, and are under 65, you'll be taxed on the money you use and assessed a 20% penalty. Once you're 65, you'll be taxed for moneys used for non-medical expenses, but won't pay a penalty.

Q: CAN I USE MY HSA FOR EYE GLASSES, CONTACTS, OR LASIK SURGERY?

A: Yes. These expenses may not apply to your insurance deductible though.

Q: CAN I USE MY HSA TO PAY FOR DENTAL EXPENSES AND ORTHODONTICS?

A: Yes. These expenses may not apply to your insurance deductible though.

Q: CAN I USE MY HSA TO PAY FOR VOLUNTARY COSMETIC SURGERY?

A: The HSA can be used for cosmetic surgery only if prescribed by a physician as being medically necessary.

Q: CAN I ACCESS MY HSA ONLINE?

A: Yes. You can see your account balances, HSA debit card balance, claim transactions, and more online. You can also pay providers, request reimbursements, and manage your personal information. Simply visit www.myhealthequity.com or your specific member portal.

Q: HOW DO I CONTACT HEALTHEQUITY?

A: You can call HealthEquity Member Services 24/7/365 at 866.855.4066 or your dedicated service line.

HealthEquity is the nation's oldest and largest dedicated health savings trustee. It helps individuals and families build health savings while it helps employers spend less on benefits through innovative integrated health care account (HSA, HRA, FSA, VEBA) administration and investment platforms backed by 24/7/365 service, personalized savings strategies, and consumer education.