Frequently Asked Questions about the GVSU High Deductible PPO Plan (HDHP) with Health Savings Account (HSA)

The following questions and answers will help you better understand the GVSU High Deductible PPO Plan (HDHP) with Health Savings Account (HSA).

GVSU HDHP

Comprehensive Coverage

- **Are the types of services covered under this plan different than other GVSU medical plans?**
- **Are pre-existing conditions covered?**
- **What if I enroll in the plan this year and don't like it?**
- **I am currently enrolled in the GVSU HDHP with HSA, but plan to leave the university. Can I continue the GVSU HDHP with HSA after I have separated from the university?**
- **My spouse has a flexible spending account (FSA, like the GVSU Health Care FSA) or Health Reimbursement Account (HRA) through her/his employer. Can I enroll in the GVSU HDHP with HSA?**

Deductibles and Out-of-Pocket Maximums

- **What are the deductibles and out-of-pocket maximums for 2025?**
- **How does the deductible work in this plan? I've read that it is different than the GVSU Standard PPO plan**?
- **What services does the deductible apply to?**
- **When I pay the full cost of prescriptions before the deductible is met, do these costs apply to meeting the deductible?**
- **Since prescription drugs are subject to the deductible, how can I find out what I will pay for my prescriptions before the deductible is met?**
- **Will I have additional prescription costs after the deductible has been met?**
- **What costs don't apply to the deductible?**
- **Will I be required to pay a fee when I visit my physician's office?**
- **If I enroll my spouse, do we each have our own or just one family deductible?**
- **After I have met the deductible, what are the coinsurance/copays in this plan?**
- **Are there different copays for generic and brand drugs?**
- **Who will keep track of when I have hit the deductible?**

Information in this document was updated as of September 27, 2024. Federal regulations regarding Health Savings Accounts may change. Specific questions and concerns regarding your individual situation should be directed to your tax advisor.

Network Services and Providers

- **Which physicians and hospitals can I use?**
- **Which pharmacies can I use?**
- **If I enroll in this plan do I still get the benefit of Priority Health's preferential pricing when I pay out-of-pocket for network doctors, hospitals and therapists? What about the discounts under CVS/Caremark at the pharmacies; do I still get those too?**

Health Savings Accounts

Health Savings Account Basics

- **What is a Health Savings Account (HSA)?**
- **What is the process for setting up an HSA?**
- **What amount does the university contribute to my Health Savings Account?**
- **What are qualified medical expenses?**
- **Who will determine whether something is a "qualified medical expense"?**
- **What are the tax benefits of the Health Savings Account?**
- **What is the maximum amount I can have in my HSA?**
- **What if I don't use all my contributions before I leave GVSU?**
- **Can the unused funds in my account be rolled over each year?**
- **What happens to my account funds if I leave my job or switch to a non-HDHP plan?**
- **Does the money in my account earn interest?**
- **Are there fees associated with this account?**
- **What are the survivor benefits associated with my Health Savings Account?**

Eligibility

- **Who is eligible for this plan?**
- **Can I enroll in this plan if I have other insurance that pays medical expenses?**
- **If both spouses are enrolled in the GVSU HDHP with HSA, but one spouse has other coverage, are both spouses eligible for an HSA? How much can each spouse contribute?**

Health Savings Account Contributions

- **How do I contribute to my HSA?**
- **I have a covered household member who I am not legally married to and we are both enrolled in the GVSU HDHP with HSA; can we each have an HSA? What is the deposit limit?**
- **What is the maximum contribution I can make to my Health Savings account?**
- **Do I have to continue to fund my account each year?**
- **What happens during the year if coverage changes from single to family or vice versa based on a qualified family status change?**
- **What happens if I contribute more than the maximum, e.g., if my spouse and I both have HSAs?**
- **What happens if I don't withdraw my excess contributions prior to April 15th of the following year?**
- **What are catch-up contributions?**

Using Your Health Savings Account

- **When can I use my HSA funds?**
- **Can I use my account funds for services I received before I enrolled in the GVSU HDHP with HSA?**
- **Can I use the money in my HSA to pay for medical care for a family member?**
- **How will the HSA funds be paid out?**
- **Is there a minimum amount I must take from my HSA?**
- **Can I use my HSA to pay for medical services provided in other countries?**
- **Can you give me an example of how the deductible works and how I can use my Health Savings?**

Health Savings Account Recordkeeping

- **What if my medical expenses are more than my HSA balance?**
- **What are my options if I withdraw my money from my HSA in error?**
- **Do I need to file claims with an HSA?**
- **How can I keep track of my HSA account balance?**
- **Do I have to keep receipts showing what I withdrew from my account?**
- **Will HealthEquity ask me to substantiate that withdrawals are for qualified expenses?**

IRS AND TAX INFORMATION

Tax Implications

- **Can I use my HSA to pay for non-health related expenses?**
- **Do I need to itemize on my tax return?**
- **What does the IRS require me to report on my taxes**?
- **What happens if I cancel my high deductible health plan (HDHP)?**
- **I have an HSA but no longer have HDHP coverage. Can I still use the money that is already in the HSA for medical expenses tax-free?**
- **How and when can I rollover funds to my HSA?**
- **What is Form 1099-SA?**
- **What is Form 5498-SA?**
- **What happens to the money in the Health Savings Account after I turn age 65?**
- **Can I borrow against the money in my HSA?**
- **Is there a time restriction on when I may use the funds in the account?**

Comprehensive Coverage

- **Are the types of services covered under this plan different than other GVSU medical plans?**
  - Generally speaking this plan covers medical, prescription, behavioral health, and transplant services the same as other GVSU Faculty/Staff medical plans. The difference is primarily in the deductibles and copays. There are two exceptions, this plan does not cover services related to orthognathic surgery or cochlear implants. The GVSU Standard PPO Plan does cover services related to orthognathic surgery and cochlear implants.
- **Are pre-existing conditions covered?**
  - Yes. GVSU-sponsored Faculty/Staff medical plans do not have any pre-existing condition limits on new enrollees or when a Faculty/Staff member moves from one GVSU plan to another.
- **What if I enroll in the plan this year and don't like it?**
  - You can switch to another plan during the next Open Enrollment or if you qualify for a Life Event Change you have 30 days from the event to switch plans at that time.
- **I am currently enrolled in the GVSU HDHP with HSA, but plan to leave the university. Can I continue the GVSU HDHP PPO with HSA after I have separated from the university?**
  - Yes, you may retain enrollment in the plan for up to 18 months (or possibly longer) through COBRA continuation coverage. The University will no longer make contributions to your HSA via pre-tax payroll deductions, but as long as you are enrolled in a HDHP, you are still allowed to put contributions into your HSA up to the IRS allowed maximum. Any contributions put in on an after-tax basis are eligible to be deducted from your gross taxable income on your tax return.
- **My spouse has a flexible spending account (FSA, like the GVSU Health Care FSA) or Health Reimbursement Account (HRA) through her/his employer. Can I enroll in the GVSU HDHP with HSA?**
  - You can enroll in the health plan but you cannot have an HSA if your spouse's FSA or HRA can pay for any of your medical expenses before your HDHP deductible is met. This will result in you not being eligible to receive the GVSU HSA deposit. Please note that unless your spouse's FSA agreement specifically states it does not cover you, you are not eligible to have an HSA if your spouse continues enrollment in his/her FSA. Your spouse could be enrolled in another non-HSA qualified health plan or HRA as long as you are not enrolled as well. In this case, if your spouse is enrolled but you are not, you are eligible to open an HSA and receive the GVSU HSA deposit.

Deductibles and Out-of-pocket Maximums

- **What are the deductibles and out-of-pocket maximums for 2025?**
  - For single coverage, the in-network deductible is $2,250 for dual or family coverage the in-network deductible is $4,500. The in-network out-of-pocket maximum is $2,500 for single coverage and $5,000 for dual or family coverage. The out-of-network deductible for single coverage is $4,500 and the out of pocket maximum is $6,500; for dual and family that deductible is $9,000 and the out of pocket maximum is $13,000.

- **What services does the deductible apply to?**
  - The deductible applies to all covered medical and prescription services provide through the GVSU HDHP.

- **When I pay the discounted cost of prescriptions before the deductible is met, do these costs apply to meeting the deductible?**
    - Yes. Remember to use your Priority Health Insurance card to have the amounts automatically apply to your deductible and get the appropriate discounts. Medical and prescription costs for covered services paid out-of-pocket apply to the deductible. Check http://www.priorityhealth.com/member to see if you have reached your deductible. Please use the Caremark Claim Reimbursement Form to receive reimbursement for prescriptions paid for out-of-pocket.
- **Since prescription drugs are subject to the deductible, how can I find out what I will pay for my prescriptions before the deductible is met?**
    - You can go to www.caremark.com and log in to access personalized member services to view your prescription history. The website also has a section that allows you to "Check Drug Cost." Your personal history will show what copay you had and what the total cost of the prescription was; the "Check Drug Cost" section allows you to get pricing on any prescription. You will pay the discounted cost of the prescription until the deductible is met. Costs you pay for prescriptions will apply to the deductible.
- **Will I have additional prescription costs after the deductible has been met?**
    - There is a pharmacy copayment on each prescription that you fill after you have already met your deductible. The copayment will be $4 per generic prescription, $20 per preferred brand name prescription, and $40 per non-preferred brand name prescription. The pharmacy copayment is capped, so the most you will be responsible to pay each year after you have met your deductible is $250 for single coverage and $500 for dual or family coverage.
- **Will I be required to pay a fee when I visit my physician's office?**
    - Although there are no copays and no coinsurance associated with this plan, there are some offices that require you to show proof of payment prior to submitting the claim through the insurance company. Although you are not paying anything at the point of service, you may still be required to provide your HealthEquity HSA card to be charged after the claim has gone through the proper channels. Some providers are getting more aggressive on protecting their practice from late or no payment. As a consumer you can choose to stay with that provider or shop around for another that does not use this system.
- **If I enroll my spouse, do we each have our own or just one family deductible?**
    - The IRS defines "family" coverage as any coverage that includes 2 or more people; for GVSU that is dual or family coverage. A Faculty/Staff member and spouse together have one family deductible. The medical costs of both are combined under this one $4,500 deductible. For example, if the Faculty/Staff member has $3,000 in claims and the spouse has $1,500, the deductible is met. Neither spouse has benefits paid until the $4,500 is met either by one or both combined.
- **After I have met the deductible, what are the coinsurance/copays in this plan?**
    - Once the deductible is met, there will be a pharmacy copayment. The copayment is capped so the most you will be responsible to pay each year after you have met your deductible is $250 for single coverage and $500 for dual or family coverage. The out-of-network coinsurance is generally 20%.
- **Are there different copays for generic and brand drugs?**
    - Before the deductible has been met you are responsible for the discounted cost of the drug, which will count towards your deductible. When the deductible is met, the copayment for prescriptions will be different for generic and brand name drugs. The copayment will be $4 per generic prescription, $20 per preferred brand name prescription, and $40 per non-preferred brand name prescription. The pharmacy copayment is capped, so the most you will be responsible to pay each

year after you have met your deductible is $250 for single coverage and $500 for dual or family coverage.

Network Services and Providers

- **Which physicians and hospitals can I use?**
    - The plan uses Priority Health PPO (This is the same medical provider network that the GVSU Standard PPO plan uses.) You can still receive benefits if you use out-of-network providers, but you will have higher out-of-pocket costs. See https://web.healthsparq.com/healthsparq/public/#/one/insurerCode=PH_I&brandCode=PH to search for participating PPO providers.
- **Which pharmacies can I use?**
    - Outpatient prescription drug benefits are through CVS/Caremark just as they are now. However, you can fill your prescription at any major or local pharmacy; for example: CVS, Walgreens, Rite-Aid, Wal-Mart, Target, Family Fare and Meijer.
- **If I enroll in this plan do I still get the benefit of Priority Health's preferential pricing when I pay out-of-pocket for network doctors, hospitals and therapists? What about the discounts under CVS/Caremark at the pharmacies; do I still get those too?**
    - Yes. Priority Health and CVS/Caremark have negotiated discounts with network providers and pharmacies. You receive the lowest discounted price when you use providers that participate with Priority Health and CVS/Caremark.

Health Savings Account Basics

- **What is a Health Savings Account (HSA)?**
    - The medical savings component of this plan is a federally qualified Health Savings Account (HSA). An HSA is a bank account regulated by the IRS. The IRS requires that an HSA must be combined with HDHP medical coverage. Federal regulations also designate maximum annual contribution limits. Contributions to an HSA can be made by the employer and/or Faculty/Staff member. These contributions and interest/investment earnings can be used tax-free to pay for IRS-qualified medical expenses.
- **What is the process for setting up an HSA?**
    - If you choose to enroll in the GVSU HDHP PPO with HSA plan, enrollment in the HSA with HealthEquity will be done after completing Open Enrollment or your New Hire online enrollment. HealthEquity will send you a debit card and information regarding your account once the HSA has been opened.
- **What amount does the university contribute to my Health Savings Account?**
    - For new hires or entrants, GVSU contributes $300 for single coverage or $600 for dual or family coverage. The amount contributed by GVSU to your account counts toward the maximum. When you leave the university, contact a tax advisor to learn if and how you can continue to contribute.
- **What are qualified medical expenses?**
    - After you open an HSA, you can use funds to pay for covered expenses that apply toward the GVSU HDHP PPO annual deductible. You can also pay for qualified medical expenses that your health plan might not cover, such as vision care (eyeglasses and contact lenses), dental and orthodontic services. Qualified medical expenses also include long-term care premiums, Medicare premiums, Medicare copays, and COBRA premiums. (Medicare supplement or Medigap premiums are not qualified expenses.)

- For a more comprehensive list please see IRS Publication 502.

- **Who will determine whether something is a "qualified medical expense"?**
  - The IRS will make this determination based on disbursements reported on your annual tax return. You do not submit records with your IRS return, but it is your responsibility to maintain records for all of your expenses in the event the IRS requests them. Specifically, the IRS requires that you must be able to show that:
    - The distributions were exclusively to pay or reimburse qualified medical expenses,
    - The qualified medical expenses had not been previously paid or reimbursed from another source, and
    - The medical expenses had not been taken as an itemized deduction in any year.
  - Detailed information about qualified medical expenses can be found in Section 213(d) of the Internal Revenue Code and IRS Publication 502.
- **What are the tax benefits of the Health Savings Account?**
  - Contributions (both yours and the university's) are pre-tax; interest is earned tax-free; and distributions can be used tax-free to pay for qualified medical expenses.
- **What is the maximum amount I can have in my HSA?**
  - There is no lifetime limit on the amount you can have deposited in your HSA. There is an annual maximum amount that can be deposited in the account depending on your level of coverage (single, dual or family).
- **What if I don't use all my contributions before I leave GVSU?**
  - The money is in your personal bank account; when leaving the university, you take the money with you, and use the money tax-free for medical expenses. (If you are over age 65, you pay taxes but have no penalty).
- **Can the unused funds in my account be rolled over each year?**
  - Yes, all unused funds carry over from year to year. They stay in the account indefinitely until they are used.
- **What happens to my account funds if I leave my job or switch to a non-HDHP plan?**
  - When your HDHP coverage ends, you are no longer eligible to make contributions. However, you may keep your HSA and continue to pay for qualified expenses. Any unused contributions in your HSA will remain in the account to use for medical expenses, but you will not be eligible for GVSU contributions and you cannot make additional payroll contributions. Once you are eligible again, i.e., enrolled in a HDHP, you may make additional contributions.
- **Does the money in my account earn interest?**
  - Yes, money kept in a FDIC-insured cash account earns interest.
- **Are there fees associated with this account?**
  - HealthEquity has agreed to waive the account minimum balance requirement and all monthly maintenance fees on their regular account for GVSU Faculty and Staff and any Household Member of a GVSU HSA participant. Fees for accessing the mutual fund investment option will be applied and are the responsibility of the account holder.
- **What are the survivor benefits associated with my Health Savings Account?**
  - Your HSA will pass to your surviving spouse or named beneficiary. If your spouse is the recipient, no taxes will be assessed if the funds are used for qualified medical expenses. If someone other

than a spouse is the beneficiary, that person will have to pay applicable taxes. If you are unmarried and do not have a named beneficiary, the money is disbursed to your estate and subject to any applicable taxes.

Eligibility

- **Who is eligible for the Health Savings Account (HSA)?**
  - To be eligible to open an HSA, you:
    - Must be a U.S. citizen or resident alien age 18 or older with a U.S. address (not a PO Box)
    - Must have a valid Social Security Number
    - Must not have any other health coverage, as an employee or dependent, other than a HDHP except for certain IRS-allowed insurance, e.g., dental, vision, accident/disability, long-term care, per diem hospitalization, or specific disease coverage.
    - Must not be enrolled in Medicare Part A, B, C or D (those eligible but not enrolled still qualify)
    - Must not be receiving any Social Security Benefits (doing so entitles you to Medicare Part A)
    - Must not be claimed as a dependent on anyone else's tax return
- **Can I enroll in the HSA if I have other insurance that pays medical expenses?**
  - You cannot have other plans that cover your HDHP deductible and be eligible for Health Savings Account contributions. However, you may have automobile, dental, vision, disability and long-term care insurance at the same time as an HDHP, and coverage for a specific disease (e.g., a cancer policy) or illness, as long as it pays a specific dollar amount when the policy is triggered. You cannot use any health reimbursement account to pay expenses that apply to the HDHP deductible.
- **If both spouses are enrolled in the GVSU HDHP PPO with HSA, but one spouse has other coverage, are both spouses eligible for an HSA? How much can each spouse contribute?**
  - The following examples describe how much can be contributed under varying circumstances. Assume that neither spouse qualifies for "catch-up contributions". Please note that when a spouse has an HDHP plan with another employer, the university will not be able to assist in limiting contributions to statutory maximums. If a spouse exceeds statutory maximums, he or she is responsible for taking corrective actions and responsible for any tax consequences.
    - *Example 1:* Husband and wife are enrolled in the GVSU HDHP PPO with HSA with a $4,500 deductible. Husband has no other coverage. Wife also has single coverage with her employer (GVSU or another employer) which has a $250 deductible. Wife, who has the coverage that does not qualify as an HDHP, is not eligible to contribute to an HSA. Husband may contribute $8,550 to his HSA.
    - *Example 2:* Husband and wife are enrolled in the GVSU HDHP PPO & with HSA with a $4,500 deductible. Husband has no other coverage. Wife also has single HDHP coverage with another employer with a $2,000 deductible. Both husband and wife are eligible individuals. Husband and wife are treated as having only family coverage. The combined HSA contribution by husband and wife cannot exceed $8,550, to be divided between them by agreement.
    - *Example 3:* Husband and wife are enrolled in the GVSU HDHP PPO with HSA (dual coverage) with a $4,500 deductible. Husband has no other coverage. Wife also has family HDHP coverage with a $3,000 deductible. Both husband and wife are eligible individuals.

The maximum combined HSA contribution by husband and wife is $8,550, to be divided between them by agreement.

- *Example 4:* Husband and wife are enrolled in the GVSU HDHP PPO with HSA with a $4,500 deductible. Husband has no other coverage. Wife also has family coverage with a $250 deductible. Husband is treated as having a family HDHP and can contribute up to $8,550. Wife is not an eligible individual and cannot contribute to an HSA.
- *Example 5*: Husband and wife are enrolled in the GVSU HDHP PPO with HSA with a $4,500 deductible. Husband has no other coverage. Wife also is enrolled in Medicare. Wife is not an eligible individual and cannot contribute to an HSA. Husband may contribute $8,550 to an HSA.

Health Savings Account Contributions

- **How do I contribute to my HSA?**
  - When you enroll in the GVSU HDHP PPO with HSA you will have the opportunity to designate the amount you wish to contribute up to the IRS maximum. You can contribute to your HSA through payroll deductions. Faculty/Staff members can contribute up to the annual maximums: $4,300 when enrolled in single coverage and $8,550 when one or more family members are included.
- **I have a covered household member who I am not legally married to and we are both enrolled in the GVSU HDHP PPO with HSA; can we each have an HSA? What is the deposit limit?**
  - Both you and your household member may open an HSA assuming neither of you have other non-HSA qualified medical coverage. Since you both have "family" HDHP coverage in the eyes of the IRS, both you and your household member can contribute up to $8,550 (plus an additional $1,000 if you are age 55 or older) into your own HSA. The traditional household limit of $8,550 does not apply since you are not legally married. In addition, your HSA cannot be used to pay for your household member's qualified expenses and your household member's HSA cannot pay any of your qualified expenses. Please contact your tax advisor if you have additional questions.
- **What is the maximum contribution I can make to my Health Savings account?**
  - The amount you can contribute to an HSA is set by federal regulations and is adjusted annually for inflation. For the 2025 tax year, the maximum annual contribution amount is $4,300 if you have single coverage; and $8,550 if you have dual or family coverage. If a husband and wife both have an HSA, their individual contributions are combined. If you're 55 or older, you can also make an additional $1,000 "catch-up" contribution.
  - In 2025, you can also contribute up to the maximum amount, even if you enroll in the HSA mid-year, as long as you maintain your HDHP eligibility for a 12-month period. Otherwise, your contributions are included in gross income and you are subject to an additional 20 percent excise tax. Note that the 12-month period starts with the last month of the taxable year in which you enrolled in the HDHP. For example, if you enroll in June 2025, you must be eligible from December 2025 - December 2026.
  - If you terminate mid-year and do not continue HDHP coverage, either through the COBRA or another HDHP plan, your IRS maximum annual contribution will be prorated for the number of months you were covered under the HDHP. Details on the calculation of the IRS prorated maximum can be found in IRS publication 969. If your contributions have exceeded the IRS prorated maximum, you must work with HealthEquity to resolve the excess contribution issue. You should be aware of the reporting requirements for excess contributions as detailed in the instructions for IRS Form 8889. Please contact your tax advisor if you have additional questions.

- **Do I have to continue to fund my account each year?**
  - You are not required to contribute anything. However, each year you are enrolled in the GVSU HDHP PPO with HSA, you have the option to determine what, if any, amount you wish to contribute.
- **What happens during the year if coverage changes from single to family or vice versa based on a qualified family status change?**
  - You will be able to continue contributing to the HSA; however, the maximum amount you are permitted to contribute will be the greater of the maximum annual HSA contribution based on your HDHP coverage on the first day of the last month of your tax year or the amount that results when you prorate appropriately for the number of months you were enrolled in each coverage level.
- **What happens if I contribute more than the maximum, e.g., if my spouse and I both have HSAs?**
  - The IRS imposes a penalty on excess contributions. Additionally, you'll be required to pay tax on the interest earned on those excess funds. You're responsible for tracking your contributions to ensure you don't exceed the maximum allowable contribution. However, you can withdraw excess contributions before the tax filing deadline to avoid the penalties. Please contact HealthEquity if you need to report an excess amount. You should also consult your tax advisor if you have additional questions.
- **What happens if I don't withdraw my excess contributions prior to April 15th of the following year?**
  - You must pay an excise tax on any excess contribution and on any earnings of the excess contribution. If in the next year you decreased your maximum contribution by the amount of your excess contribution made the year before, you do not have to pay the excise tax again. However, for as long as you leave the excess contribution in, you will need to pay an annual excise tax on this amount and its earnings.
- **What are catch-up contributions?**
  - Catch-up contributions are available to participants age 55 or older. If you are covered by the GVSU HDHP PPO with HSA for the entire year, you can make an additional $1,000 contribution for that year. If you enroll in Medicare, you must prorate your contribution for the number of months you are enrolled in the GVSU HDHP PPO with HSA.

Using Your Health Savings Account

- **When can I use my HSA funds?**
  - You can use your funds as soon as they are deposited in the account. Remember this is different from the Health Care FSA that you may have participated in, in the past, where the entire pledge is available on January 1. HSA funds only become available for use after they are deposited.
- **Can I use my account funds for services I received before I enrolled in the GVSU HDHP PPO with HSA?**
  - No. You can only use your savings for expenses incurred after your HSA is established with HealthEquity.
- **Can I use the money in my HSA to pay for medical care for a family member?**
  - Yes, you may withdraw funds to pay for the qualified medical expenses of you, your spouse or a dependent without tax penalty regardless of whether they are enrolled in the GVSU HDHP PPO

with HSA. You cannot use the funds on a household member who is not your legal dependent. HSAs cannot pay medical expenses for children under age 27 on a tax-free basis UNLESS they are tax code dependents for health coverage purposes.

- **How will the HSA funds be paid out?**
  - Once contributions are made to your account, you can use your HealthEquity debit card to get instant access to your HSA dollars and pay for eligible out-of-pocket health expenses. Remember, it is your responsibility to spend the funds on qualified expenses (as spelled out in IRS Publication 502) and keep records to demonstrate that any funds you used were indeed spent on qualified expenses.
- **Is there a minimum amount I must take from my HSA?**
  - No.
- **Can I use my HSA to pay for medical services provided in other countries?**
  - Yes. You are responsible to verify that the expense is considered a qualified medical expense under Section 213(d) of the Internal Revenue Code and IRS Publication 502.
- **Can you give me an example of how the deductible works and how I can use my Health Savings?**
  - Please refer to the HSA Information Page on the Benefits and Wellness website.

Health Savings Account Recordkeeping

- **What if my medical expenses are more than my HSA balance?**
  - You will have to pay the difference between your expenses and your HSA out-of-pocket and then reimburse yourself for the additional amount later in the year when you have contributed more to the HSA. You can also establish a payment plan with many providers with little or no interest if you inquire.
- **What are my options if I withdraw my money from my HSA in error?**
  - You can return the money to the account if there is clear and convincing evidence the withdrawal was a mistake. This money must be repaid by April 15th of the year following the error.
- **Do I need to file claims with an HSA?**
  - No. You pay qualified expenses using your HSA debit card or online HSA banking. If you use another form of payment (e.g., cash or a personal check), then you can reimburse yourself by contacting HealthEquity. If requested by the IRS, you must be able to show that the withdrawals were exclusively for medical expenses.
- **How can I keep track of my HSA account balance?**
  - You can track your HSA account activity online at HealthEquity's secure website anytime day or night.
- **Do I have to keep receipts showing what I withdrew from my account?**
  - Yes, you should keep your receipts, explanation of benefits or any other documents that prove you spent the funds on qualified expenses. If you are audited by the IRS, you will need to justify your expenditures.
- **Will HealthEquity ask me to substantiate that withdrawals are for qualified expenses?**
  - No. Health Equity will send you and the IRS a 1099-SA form at the end of the tax year to report contributions and withdrawals. You will file form 8889 with your 1040 federal tax filing. If the IRS

requests substantiation, you must provide it or pay taxes and penalties on unsubstantiated withdrawals. Specifically, the IRS requires that you must be able to show that:

- The distributions were exclusively to pay or reimburse qualified medical expenses,
- The qualified medical expenses had not been previously paid or reimbursed from another source, and
- The medical expenses had not been taken as an itemized deduction in any year.

<u>**Tax Implications**</u>

- **Can I use my HSA to pay for non-health related expenses?**
  - A Health Savings Account is designed to provide a tax advantaged account for qualified health expenses that results in you never paying taxes on the money deposited and the interest it earns as long as you use it on qualified expenses. If you use the money for anything other than qualified expenses, IRS regulations stipulate that these withdrawals will be subject to income tax and an additional 20 percent tax penalty will apply. That could cost you more than 50% of your contributions!
- **Do I need to itemize on my tax return?**
  - No, you will not need to itemize on your return.
- **What does the IRS require me to report on my taxes?**
  - The IRS requires that you complete and submit the Form 8889 with your tax return. On this form you will report all employer contributions to the account (including your contributions made by payroll deduction). In addition, you will report your qualified distributions. Please contact your tax advisor to discuss your specific situation.
- **What happens if I cancel my high deductible health plan (HDHP)?**
  - When your HDHP coverage ends, you are no longer eligible to make HSA contributions. However, the money in your HSA is yours until you spend it. As a result, you may keep your account with HealthEquity and continue to use your HSA funds. Once you are again enrolled in a qualified HDHP, you can make additional contributions. Please remember that you are responsible for tracking your personal contribution limit (including coordination of contributions should your spouse also contribute to an HSA). Contact your tax advisor if you have additional questions about your specific situation.
- **Can I borrow against the money in my HSA?**
  - No. You may not borrow against it or pledge the funds in it. For more information on prohibited activities, see Section 4975 of the Internal Revenue Code.
- **I have an HSA but no longer have HDHP coverage. Can I still use the money that is already in the HSA for medical expenses tax-free?**
  - Once funds are deposited into the HSA, the account can be used to pay for qualified medical expenses incurred after the account was opened. These expenditures are tax free, even if you no longer have HDHP coverage. The funds in your account roll over automatically each year and remain indefinitely until used. There is no time limit on using the funds except that you cannot use the funds for expenses incurred *before* the HSA was opened.
- **How and when can I rollover funds to my HSA?**
  - You have an option to rollover all or part of an IRA up to the annual maximum contribution. If you do roll over an IRA, you will not be able to make additional contributions for the year; check with HealthEquity for additional information on rolling over an IRA to your HSA. You can also rollover funds from another HSA to HealthEquity if you already have an account. Check with your tax advisor for additional details.

- **What is Form 1099-SA?**
    - This form is used to report all withdrawals from the HSA to the Internal Revenue Service (IRS). HealthEquity files electronically and sends you a statement copy for your records.

- **What is Form 5498-SA?**
    - This form is used to report all contributions to the HSA in a given tax year to the Internal Revenue Service (IRS). HealthEquity files electronically and sends you a statement copy for your records.

- **What happens to the money in the Health Savings Account after I turn age 65?**
    - You can continue to use your account tax-free for qualified out-of-pocket health expenses. When you enroll in Medicare, you can use your account to pay Medicare premiums, deductibles, copays, and coinsurance under any part of Medicare. One expense you cannot use your account for is to purchase a Medicare supplemental insurance or "Medigap" policy.
    - Once you turn age 65 you can also use your account to pay for things other than medical expenses. If used for other expenses, the amount withdrawn will be taxable as income but will not be subject to any other penalties. Individuals under age 65 who use their accounts for non-medical expenses must pay income tax and a 20% penalty on the amount withdrawn.
- **Is there a time restriction on when I may use the funds in the account?**
    - No, you may reimburse yourself for an expense with future contributions or past contributions and there is no time limit on this. The only restriction is that the service must have occurred after the HSA account was opened (and you were enrolled in the HDHP plan).

Additional information about HDHPs and HSAs are available from the following:

- IRS Web page
    - www.irs.gov
- IRS Publication 969 describes both HDHP and HSA requirements
    - http://www.irs.gov/publications/p969/index.html
- IRS Publication 502 describes qualified medical expenses
    - http://www.irs.gov/publications/p502/index.html

This plan is governed by IRS regulations; therefore, you will want to consult official IRS documents as well as your tax advisor for details.