Frequently Asked Questions about the HSA

1. **Who is eligible to open and maintain an account?**

   Eligible Individuals must NOT be:
   • Covered by any other medical plan that is not a high-deductible health plan
   • Entitled to Medicare benefits
   • Claimed as a dependent on another person’s tax return.

2. **How is the HSA funded?**

   Money is deposited directly into the account. Contributions can be made by the employee directly or through pre-tax payroll deductions.

3. **What is the maximum amount I can contribute?**

   In 2010, annual contributions are allowed, tax-deductible, up to $3,050 for individual coverage and $6,150 for family coverage. These limits are established by the IRS and indexed for inflation. If the full amount has not been funded in the calendar year, additional contributions can be deposited through the April 15 tax deadline.

   Please keep in mind that these are the total amounts that can be contributed to your account, including the Mesa Public Schools contribution.

4. **Is there a “catch-up” contribution provision for workers nearing retirement age?**

   Employees from age 55 and up to when they are enrolled in Medicare may contribute more to the account per year. In 2009, and annually thereafter, an additional $1,000 contribution is allowed.

5. **What if my total HSA contribution for the year exceeds the IRS limits?**

   Your excess contributions are subject to standard income tax rates plus a 6 percent penalty. You can complete and mail or fax a withdrawal/distribution form, available through myuhc.com. If you request a refund, there is no penalty as long as the distribution is made before the tax-filing deadline, generally April 15. Earnings on the excess amount are taxable, but the 6 percent excise tax will not apply as long as the excess contributions and earnings are paid out before the tax-filing deadline.
6. **Is the annual amount of the contribution available on the first day of coverage?**

Only the amount contributed to date is available for reimbursement. However, Mesa Public Schools will be providing the entire employer contribution on October 1\textsuperscript{st}. If you enroll in the $1,500 deductible plan, you will have $1,000 available to you on October 1\textsuperscript{st}. If you enroll in the $2,500 deductible plan, you will have $1,500 available to you on October 1\textsuperscript{st}. If you choose to contribute funds to your HSA, those will be available on a per pay period basis.

7. **Can I change the amount I elect to contribute to the HSA at any time during the year?**

You are allowed to change your election amount at any time during the plan year. However, keep in mind that you are not able to change your medical coverage during the year unless you have a qualifying event.

8. **What medical expenses can I pay for with my HSA?**

You can pay for qualified medical expenses for you, your spouse, and your eligible dependents. The funds that you or others deposit to your HSA may be distributed on a tax-free basis to pay for your qualified medical expenses as well as those of your spouse and your dependents. Your spouse and dependents do not need to be covered under your High Deductible Health Plan (HDHP) for you to take a tax-free HSA distribution to pay for their medical expenses.

Qualified medical expenses are amounts paid by the member, spouse or dependents for Code Section 213(d) Medical Expenses (with some exceptions), which are not compensated for by insurance or otherwise and are not reimbursable by another health plan. Generally, qualified medical expenses include:

- Expenses for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body, including over-the-counter medicine and drugs;
- Transportation and lodging expenses that are incurred primarily for, and essential to, medical care; and
- Amounts paid for certain away-from-home lodging that is primarily for, and essential to, medical care. Generally, insurance premiums are not qualified medical expenses, except premiums for:
  - COBRA continuation coverage under a group health plan;
  - A qualified long-term care insurance contract as defined in Code Section 7702B(b) (within certain limits);
- A health plan during a period in which the individual is receiving unemployment compensation under any federal or state law; and
- Premiums for Medicare Part A, B, or D, Medicare HMO, and the employee share of premiums for employer-sponsored health insurance, including premiums for employer-sponsored retiree health insurance, for individuals over age 65. Medigap premiums are not qualified medical expenses.

9. **Can I use my HSA to pay for dental and vision expenses?**

The HSA can be used for qualified dental and vision expenses. However, it is important to note that the contribution provided by Mesa Public Schools is to help you pay for your out of pocket medical costs associated with the medical plan. If you choose to use your HSA for dental and vision expenses and exhaust your HSA account, should you need the money to pay for a medical expense at a later time as part of you deductible, you may not have enough funds in your account to pay for those services.

10. **I’m still not sure if I can use my HSA to pay for a particular medical expense, where can I go to find more information about what is considered a qualified medical expense under the plan?**

If you still aren’t sure whether an expense is a qualified medical expense, you should read IRS Publication 502, which lists the medical expenses that are deductible on the federal income tax return. Except for premiums (which are not a qualified medical expense except as described above) and over-the-counter drugs (which are a qualified medical expense), any expense that is described as a deductible expense in Publication 502 is a qualified medical expense. A copy of Publication 502 from the IRS Web site at www.irs.gov.

11. **Can funds be used for non-medical expenses for those under age 65?**

Ineligible non-medical distributions must be included in gross income and are subject to a 10% penalty tax. An exception to the 10% penalty applies to distributions for ineligible expenses for those individuals who are disabled.

12. **Can funds be used for non-medical expenses for those over age 65?**

Yes. Non-medical distributions must be included in gross income, but are not subject to the additional 10% tax penalty.

13. **Can COBRA premiums be reimbursed from the account?**

Yes. Distributions to pay premiums for COBRA are tax-free.
14. Must a medical expense be incurred during the plan year the contribution is made?

No. However, no reimbursements can be made for expenses incurred prior to the account being established.

15. What happens to my HSA if I don’t use up all my funds in a year?

Your HSA is your personal account. You own it. Your employer does not. When you don’t use up your HSA funds in a year the extra funds remain in your HSA, may earn interest (or other earnings as applicable under your HSA), and are available for use in future years. Unlike the FSA plan, the “use it or lose it” rule does not apply to HSA’s, and you do not forfeit or lose any unused funds.

16. Do I have to use my HSA to pay for medical expenses throughout the year?

No. You have the freedom to decide whether and when to use your HSA funds to pay for qualified medical expenses (or other expenses) you incur. Some people may choose to pay for some medical expenses out of personal funds and save their HSA funds for future medical expenses or general retirement purposes.

17. What happens to my HSA if I use up all my HSA funds in a year?

If you use up the funds in your HSA in a year, and you (and/or others) have contributed the maximum amount to your HSA for that year, you must pay with other personal funds, any medical expenses that you incur during that year and are responsible for paying. However, you can continue to maintain your HSA and make additional contributions in the subsequent year or years.

18. How do I access the funds in my HSA?

**Debit Card:** You will receive a Health Savings Account MasterCard® Debit Card. You can use the debit card to pay for qualified medical expenses when you receive services or receive a bill from physicians or other health care professionals. You can use the card when making point-of-service purchases such as at a pharmacy, when paying a bill to a provider, or to withdraw money from your HSA through an ATM, where the provider or ATM accepts MasterCard.

**Online Bill Pay:** Access your Health Savings Account through myuhc.com and you can enroll in online bill pay. It’s fast, easy, convenient, and best of all, it’s free.

**Checks:** You may purchase checks from OptumHealth Bank for a fee to pay for qualified medical expenses or to reimburse yourself for expenses you may have had out of pocket.
19. What happens to my HSA when my employment at Mesa Public Schools ends?

Since your HSA is your personal account, you own it, and Mesa Public Schools does not. Therefore, you remain the owner of your HSA when your employment ends. If, after your employment ends, you continue to be enrolled in a high deductible health plan, you can continue to contribute to your HSA.

20. What happens to my spouse’s coverage if it ends because we divorce?

If you and your spouse divorce and you are the HSA holder, you cannot withdraw amounts from your HSA on a non-taxable basis to pay your former spouse’s medical expenses, and if you do withdraw for them, the distribution is taxable to you and subject to the 10% additional tax.

You can transfer all or a portion of the HSA to your former spouse as part of the divorce proceedings. If you do, the transfer is not taxable to either of you, the HSA continues to be an HSA, and your former spouse can use it for his or her qualifying medical expenses.

21. What happens to my HSA if I die?

When you die, what happens to your HSA funds depends on who you name as the beneficiary of your HSA. If your spouse is your beneficiary, he or she becomes the HSA holder, and the transfer is not taxable. If your named beneficiary is not your spouse, the HSA ceases to be an HSA, and the funds in the HSA are distributed to the beneficiary in a taxable distribution. The non-spouse beneficiary can reduce the taxable amount of the distribution by the amount of any of your qualified medical expenses that you incur before you die, as long as those expenses are paid from the HSA within a year after you die.

General Questions

22. Will the dental and vision plans stay the same?

Yes, the dental and vision plans are the same.

23. What if I am employed by the District and my spouse is also employed by the District, will we both receive the contributions from the District?

Yes, each employee will receive a district contribution to their HSA.
24. Where do I go to find my claims expenses for the past year?

Visit myuhc.com. Log in and from your home page, click on “View my Claims.” Select the appropriate patient, dates of service and click on “Search.” Once displayed, you will have the ability to download your claims to Microsoft Excel. Don’t forget to add the “Paid by Plan” and “Patient Responsibility” columns together to get the full cost of your care.

25. Where do I find the cost of my medication?

Visit myuhc.com. Log in and from your home page, click on “Manage my Prescriptions.” If you have filled medications over the last 18 months, click on “Claims and Balances” on the left hand side. Then click on the “Prescription Claims” tab. Any medications you may have filled will be listed on the screen (make sure your date range is appropriate, you can change this to include up to 18 months of history). The total cost of the medication will include your portion and what the Plan paid. If you have not filled your medication and want to know the cost of a medication, click on “Price a medication.” From here, simply enter the name of the medication and choose the appropriate dosage. The total cost of the medication will appear in the “Total cost” field. Don’t forget, if it’s on the 2010 Core List of preventive medications- you don’t pay anything when you enroll in one of the High Deductible Health Plans!

26. What is considered preventive care?

Preventive care is a screening on a person without symptoms for early identification of problems when they are easiest to treat.


Examples of preventive care include but are not limited to:

- Annual routine office visit and exam
- Immunizations appropriate to age
- Annual influenza vaccination (flu shot)
- H1N1 flu vaccination
- Cholesterol screening
- Annual mammogram
- Annual Pap smear and pelvic exam,
- Colorectal cancer screening beginning at age 50
- Well child visits appropriate to age