

# YOU'RE IN THE DRIVER'S SEAT

BETTER MANAGE YOUR HEALTH CARE AND COSTS WITH A HEALTH SAVINGS ACCOUNT



# THE KEY TO HAVING MORE CONTROL

## JUST THE BASICS ON HEALTH SAVINGS ACCOUNTS:

A Health Savings Account (HSA) provides tax-preferred advantages similar to an IRA (individual retirement account). The difference is that while IRAs are meant to help fund your retirement years, an HSA is meant to help pay for qualified medical expenses now and years from now. These expenses can include deductibles or qualified medical expenses that may not be covered under your health plan, such as dental care, vision exams, even eyeglasses.

HSAs were developed as part of the Medicare Prescription Drug, Improvement and Modernization Act of 2003. Individuals can open an HSA and receive special federal tax savings when enrolled in a federally qualified high-deductible health plan, as defined by the IRS, like the High-Deductible Health Plan. Other IRS eligibility requirements apply.

Like an IRA, you manage your investment, selecting among aggressive, moderate or more conservative investment options.

Funds can be available for your immediate use — for instance to pay coinsurance costs for routine care — or, you can choose to save for your long-term health care needs.

While HSAs offer you many advantages, you decide if you want to open an HSA, which HSA custodian you'll choose and the amount you contribute. Please note that you may apply for the High-Deductible Health Plan without opening an HSA.

## HSAs PROVIDE 3-WAY TAX FAVORABILITY!

With an HSA, you'll enjoy tax savings in three important ways:

1. Contributions to your HSA are tax-deductible.
2. Any interest and appreciation you may earn on the investments in your HSA is tax-free.
3. Withdrawals from your account that are used for eligible expenses aren't subject to taxes.

Like all investment funds, certain fees may apply to an HSA. In addition, the value of an HSA will depend on the market performance of the funds you select.

## WHO CAN HAVE A HEALTH SAVINGS ACCOUNT?

Because of its tax-advantaged status, eligibility to open an HSA is restricted to individuals enrolled in a federally qualified high-deductible health plan (HDHP). You are not eligible if you are:

- Covered by any health plan other than a high-deductible health plan. Dental and vision plans are not included in this restriction
- Enrolled in Medicare
- Claimed as a dependent on another individual's tax return

It is your responsibility to ensure that you meet the eligibility requirements.

## ARE THERE ANY RESTRICTIONS ON MY HSA PROGRAM?

Generally, the money in your account is yours to manage as you deem appropriate. But the rules may vary depending on the HSA custodian you choose.

## HOW MUCH CAN I CONTRIBUTE TO MY HSA?

Like an IRA, there are limits on how much you can contribute each year. You're free to contribute any amount up to the legal limit. Some HSAs may have minimum requirements.

You should also know that contributions to your HSA may come from many sources: the individual who established the account, a family member, employer or any other person. Regardless of the source of the contribution, the same limit applies and no more than that amount can be contributed.



Contributions made over the maximum allowable amount are not tax-deductible and an excise tax will be imposed upon them and any net income attributable to them. Details are available on our website or in the HSA Application Package you can request once you've enrolled in the High-Deductible Health Plan. For specific advice on tax and other issues related to HSAs, please consult your tax attorney or other legal advisor.

### **WHEN DOES ELIGIBILITY FOR AN HSA BEGIN AND END?**

You can establish an HSA on the first day of the month that you have a qualified high-deductible health plan and are otherwise a qualified individual. If you obtain a high-deductible health plan after the first of the month, you are not eligible to establish or contribute to the HSA until the first day of the following month.

You lose eligibility to establish or contribute to an HSA if you become covered by a health plan other than a qualified high-deductible health plan, become entitled to Medicare, or become a dependent on another individual's tax return. However, losing eligibility does not necessarily mean you lose your HSA, if it is already established. You can keep the HSA and continue to use the funds on a tax-preferred basis for qualified medical expenses. You cannot contribute to the HSA or establish another HSA unless you become an eligible individual again.

### **WHY IS A HIGHMARK BLUE CROSS BLUE SHIELD WEST VIRGINIA HSA THE RIGHT CHOICE FOR YOU?**

If you're applying for the High-Deductible Health Plan, then we suggest you consider opening the health savings account that was specifically designed with Highmark West Virginia members in mind.

This flexible HSA brings together an experienced provider of financial services with one of the area's most respected health insurance companies.

With a Highmark West Virginia HSA, you have greater control. With one powerful website, [www.mybenefitshome.com](http://www.mybenefitshome.com), you can track your health savings account deposits, withdrawals, balances, earnings and more. You can also access all of your health care coverage information, self-service options and health information resources.

The Highmark West Virginia HSA makes it easy to control how you obtain money from your accounts when you need it.

You'll appreciate these convenient options, designed to save you time and trouble:

- Go online to see the claim amounts you are responsible for paying. With the click of a mouse, submit your claims to be paid by your health savings account.
- Choose to have all claims automatically submitted electronically to your health savings account for reimbursement.
- Use a debit card to automatically withdraw funds from your health savings account to pay for health care expenses.
- Invest with convenience from a menu of funds. Choose to have ready access to your funds for medical reimbursement, or invest for your long term health care.

Note: Shares of mutual funds are not deposits or obligations or guaranteed or endorsed by any bank, nor are they federally insured or otherwise supported by the FDIC or any other governmental agency, and may lose value.

# MORE Q&As ON HSAs

## WHICH EXPENSES QUALIFY FOR TAX-PREFERRED STATUS? WHICH DO NOT?

As you read through this material, you'll read a lot about "qualified medical expenses." In the general sense, qualified medical expenses are those health care expenses incurred for the prevention and treatment of medical conditions, including dental and vision expenses. These expenses include costs attributed to your health plan deductible or your plan's out-of-pocket amounts.

The law creating HSAs also allows you to use your savings to pay for certain types of health insurance premiums for such policies as: a qualified long-term care insurance plan; COBRA health care continuation insurance; health insurance for those receiving unemployment compensation; and premiums for Medicare Parts A and B or a Medicare HMO; or your share of employer-sponsored health insurance for those 65 and over.

You cannot use your HSA for medical expenses incurred for services of a cosmetic nature, or for premiums for a Medicare supplement (or Medigap) plan. You cannot use your HSA to pay for services that have been reimbursed elsewhere, such as through your health plan or another family member's health plan.

## WHEN CAN CONTRIBUTIONS BE MADE?

Contributions can be made at any time during the tax year, up to the filing deadline for your federal income tax return. Contributions can be made on a periodic basis (e.g., monthly) or in one lump sum.

## WHAT IF I USE MY HSA FOR NON-QUALIFIED EXPENSES?

If you use your funds to pay for expenses that are not qualified medical expenses, those distributions are both taxable income and subject to a penalty. The penalty does not apply to distributions at death, disability, or after age 65.

You are responsible for ensuring that your funds are used for qualified expenses.



### APPLY TODAY!

Highmark West Virginia HSA is flexible, convenient and available exclusively to Highmark West Virginia members. Apply for the High-Deductible Health Plan TODAY and see for yourself what a difference quality and convenience make!

Call toll-free and speak with a service representative at

**1-877-245-0116**

Or visit our website at

**[www.mybenefitshome.com](http://www.mybenefitshome.com)**