Find the answers here
Frequently asked questions (FAQ) about your HDHP with HSA

Health savings account (HSA)

Q. What is a health savings account (HSA)?

A. An HSA is a special tax-sheltered savings account used with medical plans called high-deductible health plans (HDHPs). By law, to open or contribute to an HSA, the medical plan must be a qualified “high-deductible health plan.” This means the deductible is higher than a traditional medical plan’s deductible. You can use the money in your HSA to help pay your deductible, your coinsurance and other qualified in-network or out-of-network expenses. You can also save money in your health savings account for future health care costs. The account grows with interest. And you may have investment options after your account reaches a specified minimum balance. The HSA belongs to you and the money in the account is yours to keep, even if you leave your employer.

Q. How is my HSA funded?

A. Your HSA is funded by your own pretax contributions, up to a certain annual limit. You may also contribute money to your HSA after taxes are taken out. Others (including your employer) may contribute to your account as well. The total of all contributions cannot be more than the maximums defined by the U.S. Treasury and the Internal Revenue Service (IRS). (See the question below: How much can I contribute to my HSA? for details.)

Q. Who can open an HSA?

A. To be eligible, you must meet the following criteria:

- You must be covered by an HSA-compatible health plan, such as the HDHP with HSA plan, and you cannot be covered by any other medical plan that is not an HSA-compatible health plan. This would include being enrolled in your spouse’s plan as secondary coverage. Federal law requires minimum deductible levels for individual and family coverage for HSA-compatible health plans.
You must be enrolled in the plan on the first day of the month; otherwise, your eligibility to make contributions to your HSA begins the first day of the following month. You may make the maximum annual HSA contribution for the year regardless of the month you become eligible. You must remain enrolled in the HSA-compatible health plan for 12 months of the following tax year. Otherwise, there may be tax consequences.

- You must not be enrolled in Medicare.
- You must not be on active military status.
- You must not be eligible to be claimed as a dependent on another person’s tax return.

The IRS has specific rules on who can open an HSA. See those rules in IRS Publication 969.¹

Q. Can I enroll in the HDHP with HSA if my spouse is on Medicare?

A. Yes, as long as you are not enrolled in Medicare and you meet the IRS eligibility requirements for an HSA, you can enroll in the HDHP with HSA. You can contribute to an HSA and you may choose to cover your spouse on your plan and use the funds in your HSA to pay for qualified medical expenses for you and your spouse on Medicare.

Q. My spouse is enrolled in Medicare. Can he or she also be enrolled as a dependent on the HDHP with HSA?

A. Yes, but your spouse cannot open an HSA account in his or her own name because he or she is on Medicare. You may use the funds in your HSA to pay for qualified medical expenses for you and your spouse on Medicare.

Q. If my spouse is on Medicare and I am not on Medicare, how much can I contribute to an HSA?

A. If you are enrolled in family coverage (two or more people), the IRS will only allow you to set up an HSA. You may contribute up to $6,750 in 2016. You can use the HSA funds to pay for your spouse’s out-of-pocket expenses, even if he or she is on Medicare.

Q. I am enrolled in Medicare Part A as I continue to work. Can I enroll in the HDHP with HSA?

A. Yes, you can enroll in the HDHP with HSA if you have Medicare Part A. However, you will not be eligible to make contributions to the HSA.

Q. Who can use the money in an HSA?

A. The money can be used for qualified health care costs for you, your spouse or any IRS-qualified dependent who you claim on your income taxes, whether or not he or she is covered on your health care plan. Talk with a tax advisor to find out if these rules apply to your tax situation. You can also go to irs.gov to find out who qualifies as a dependent.

You may not use the HSA funds for health care costs for a domestic partner or child who does not qualify as your tax dependent. If your domestic partner is covered by your HDHP with HSA plan, he or she can set up his or her own HSA at a financial company that manages HSA plans.

Payments for a dependent who doesn’t meet the definition of “tax dependent” may be considered nonqualified costs. This means you may have to pay taxes and penalties for these payments. For more details about eligible expenses and dependents for HSAs, see IRS Publication 969.¹ Keep in mind that this document changes regularly and you should check with your tax advisor if you have questions.

Q. I am enrolled in the HDHP with HSA. Can I continue to contribute to my spouse’s HSA and use his or her bank?

A. You and your spouse can continue to make contributions to his or her HSA, but you cannot contribute more than the IRS family contribution maximum between both HSA accounts. For 2016, the family contribution maximum is $6,750. Contributions through payroll deduction cannot be made to a spouse’s account.
Q. My child is under 26, but I no longer claim him or her on my taxes. Can I cover him or her on the HDHP with HSA?

A. The IRS has specific rules about covering a child. See IRS Publication 969. You can cover dependents under age 26 in the HDHP with HSA, but you can’t use your HSA account for their expenses unless they meet the following requirements:

- Account holder must be able to claim the child on his or her tax return.
- Your child is under age 19 or under age 24 if a full-time student, or totally and permanently disabled.

Dependents who do not qualify to receive funds from your HSA may qualify to open their own HSA and could be permitted to contribute up to the family maximum (for 2016, this is $6,750). They can contact a financial institution to discuss how to set up a separate HSA.

Q. If I am covering a child on my HDHP with HSA who is under age 26 and not a tax dependent, will my employer contribute at the family level or at the individual level?

A. If an employee elects qualified coverage with a coverage tier of anything other than “individual only” coverage, your employer will contribute the family amount.

Q. My child is under age 26 and married. Can I cover him or her on my medical plan?

A. Yes, eligible dependents can be covered to the age of 26. Under health care reform, this applies to all dependent children up to age 26, regardless of student, employment, residential or marital status:

- The health care reform law expanded the definition of eligible dependents to age 26 for medical plan coverage, FSAs and health reimbursement accounts (HRAs).
- The law did not expand the definition of eligible dependent to age 26 for HSA expenses. Therefore, employees can use HSA funds tax-free only for eligible expenses of family members who meet the definition of a “tax dependent” in the Internal Revenue Code.

Q. Disbursements for children who don’t meet this stricter definition may be considered nonqualified expenses, which are subject to tax and penalties. That means you’ll pay a penalty plus taxes if you use the pretax dollars from your HSA to pay health expenses for your older covered dependent if he or she does not meet the IRS definition of a tax dependent.

- Please refer to the IRS Publication 969 for more information or speak with your tax advisor.

Q. I do not have custody of my two children. I do not claim them on my tax return. Can I use funds in my HSA to pay for their qualified health care costs?

A. For purposes of medical and dental expense deductions, a child of divorced or separated parents can be treated as a dependent of both parents. Each parent can include the health care costs he or she pays for the child, even if the other parent claims the child’s dependency exemption, if:

- The child is in the custody of one or both parents for more than half the year.
- The child receives more than half of his or her support during the year from his or her parents.
- The child’s parents:
  - Are legally divorced or separated.
  - Are separated under a written agreement.
  - Lived apart at all times during the last six months of the year.

This does not apply if the child’s exemption is being claimed under a multiple support agreement.

To find out more about covering children and children of divorced or separated parents, please see IRS Publication 969 and talk with a tax advisor.

Q. If I am covering a child who is age 23 and I cannot claim him or her as a tax dependent, what is my maximum contribution to an HSA on a pretax basis?

A. If the child cannot be claimed as a tax dependent, the child is eligible to establish his or her own HSA and can contribute up to the family maximum ($6,750 for 2016). The employee also can contribute up to the family maximum in his or her HSA in this example.
Q. I have an HSA with another bank. Can I keep it? Do I have to open an account with your partner bank?
A. You can keep the HSA account you have. But all contributions from your paycheck will only go to your employer-sponsored HSA. Also, you will have to pay any bank charges for your other HSA.

Making contributions to your HSA

Q. How do I make contributions to my HSA?
A. As CSU allows it, the easiest way is through pretax payroll deductions. However, you may also contribute directly to your HSA after taxes. To make after-tax contributions, call your HSA financial company or go online to the financial company’s member website and set up an electronic fund transfer from your personal bank account.

Q. How much can I contribute to my HSA?
A. The annual contribution maximum in 2016 is $3,350 for individual coverage and $6,750 for family coverage. The maximums are set by the U.S. Treasury and the IRS. Those maximums may go up every year for inflation. Check irs.gov for the most current maximum amounts.

Q. Can I ever contribute more than the annual limit?
A. Yes, people aged 55 and older who are not enrolled in Medicare can contribute an extra $1,000 above the regular limits. This is called a “catch-up contribution.” These individuals can make catch-up contributions each year until they enroll in Medicare.

Only the account holder can make catch-up contributions. The contribution amounts allowed are subject to proration if you are enrolled in the plan less than 12 months or under other circumstances. Catch-up contributions can be made in the same way your regular contributions are made.

Q: If I am 55 and older and my spouse is too, can we both make catch-up contributions?
A. If only one spouse has an HSA in his or her name, only that spouse can make a catch-up contribution. If both of you want to make catch-up contributions when you are age 55 or older, you must establish separate HSA accounts. Please note the contribution combined cannot be more than the IRS family contribution maximum.

Q. What if I contribute too much to my account during a year and go over the annual maximum allowed?
A. If you contribute too much to your account, IRS rules require that you pay regular income tax, plus a tax penalty on the amount you went over. If you realize you’ve contributed too much before you file your taxes, you may choose to submit a form showing these contributions to the HSA financial company to remove those excess funds. Different rules apply if you contributed too much because you left the plan during the year. See the question What if I end my coverage before the end of the year? to find out more.

Q. What if I end my coverage before the end of the year?
A. You take that money with you wherever you go. The HSA is in your name and it’s your account. If you’re on Medicare or go to another employer who doesn’t have a qualified high-deductible health plan, you can still use your HSA money to pay for copays and qualified medical expenses. However, you won’t be able to continue to make contributions to your HSA unless you continue to participate in an HSA-compatible plan.

If you leave during the year and do not enroll in another HSA-compatible plan, the annual contribution maximum is prorated. This is based on the number of months that you were enrolled in an HSA-compatible plan. If you fund your account for the entire year, then leave the plan and do not join another HSA-compatible health plan, you will need to withdraw the excess funds before the end of the tax year. You’ll have to treat these funds as taxable income if you have over-funded the account. If you don’t, you may have to pay tax penalties.

For example, let’s say Mary was enrolled in the HDHP with HSA and changes jobs on July 1, 2016, and is no longer eligible to contribute to her HSA. She would figure out her health savings maximum contribution amount for that year this way:

$3,350 x 6 months / 12 months = $1,675

You can contact your HSA financial company if you have questions about your account.
Q. What if my spouse has an HSA, too?

A. The chart below explains different situations:

<table>
<thead>
<tr>
<th>If your spouse:</th>
<th>And you have:</th>
<th>Then, the IRS:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Has PPO (preferred provider organization) self + children coverage.</td>
<td>HDHP (high-deductible health plan) self-only coverage.</td>
<td>Treats you as having single coverage and only you may set up an HSA (health savings account). You may contribute up to $3,350.</td>
</tr>
<tr>
<td>Has HDHP self-only coverage with a $1,500 deductible.</td>
<td>HDHP self + child coverage with a $3,000 deductible.</td>
<td>Treats you both as having family coverage, and combined you may contribute up to $6,750 to an HSA.</td>
</tr>
<tr>
<td>Has HDHP self + family coverage with a $3,000 deductible.</td>
<td>HDHP self + spouse coverage with a $3,000 deductible.</td>
<td>Treats you both as having family coverage, and combined you may contribute up to $6,750 to an HSA.</td>
</tr>
<tr>
<td>Is enrolled in Medicare.</td>
<td>HDHP self + family coverage only.</td>
<td>Will only allow you to set up an HSA. You may contribute up to $6,750.</td>
</tr>
</tbody>
</table>

Q. Does tax filing status (joint vs. separate with my spouse) affect my HSA contribution?

A. Tax filing status does not affect your contribution.

The IRS requirements simply refer to eligible expenses for the “spouse” — they do not include requirements for filing jointly or separately. However, the IRS indicates that children must be tax dependents. IRS Publication 969 has more details. See the question I do not have custody of my two children to learn more.

Q. Can I use the HSA account for eligible expenses for my spouse even if we file our taxes separately?

A. Yes, the IRS requirements simply refer to eligible expenses for the “spouse” — they do not include requirements for filing jointly or separately. However, the IRS indicates that children must be tax dependents. IRS Publication 969 has more details.

Q. Are deductibles included in the out-of-pocket maximum for the HDHP with HSA?

A. Yes, deductibles and coinsurance for your medical and pharmacy costs are included in the out-of-pocket maximum. This includes your prescription drug costs.
Q. Once I reach my out-of-pocket maximum, do I still have to pay for office visits and prescriptions?

A. No, once you meet your out-of-pocket maximum, the plan pays 100% for covered expenses. If you use out-of-network providers they can bill you for the amount above what we allow and this will be your responsibility to pay.

Q. Are dental and vision care considered qualified medical expenses for purposes of a health savings account?

A. Yes, many dental, orthodontia and eye care expenses are considered qualified medical expenses. However, cosmetic procedures, like cosmetic dentistry, would not be considered a qualified medical expense. For a detailed list, please see IRS Publication 502.2

Q. What if I have money left in my HSA at the end of each plan year?

A. Whatever you don’t spend is yours to keep and save year after year. Your HSA can help you pay for future health care costs.

Q. How can I find out more about HSA regulations?

A. Go to the U.S. Treasury website at treasury.gov and type HSA in the search box. You may also read IRS Publication 969.3

Managing the money in your HSA

Q. Who holds the money in my HSA?

A. A qualified financial institution holds it and handles those records.

Q. How do I find out my HSA balance?

A. It’s easy. Log in and go to the bank website. There, you can see your account balance, transactions and manage your personal information online.

Q. How do I access the money in my HSA?

A. You will receive a debit card to use to pay for eligible expenses when funds are available. You also can make payments online at the HSA bank website. You can pay the provider directly or get reimbursed for an eligible cost online.

Q. Will my HSA earn interest?

A. The HSA has an interest-bearing account feature.
Q. Can I invest my HSA?
A. Yes, you’ll need to have the specified minimum balance in your HSA before you can invest it. You can invest in certain mutual funds after you reach the specified minimum balance in your account.

Q. Are any administrative fees charged to my HSA?
A. Yes, you’ll have to pay banking fees, such as overdraft charges or charges for debit cards to replace lost ones. When you enroll in the program, you will get information about the account.

Q. Is there a time restriction on when I may use the funds in the account?
A. No, once funds are put into the HSA, they may be used at any time in the future for qualified health care costs.

Q. If I leave the medical plan, what happens to my HSA?
A. You own the HSA; the money is yours to keep. You may choose to keep the funds in your account or roll the funds into a different account. If you leave the funds in your account, you will have to pay fees to keep it. If you retire and are insured by Medicare, change to a health plan that is not an HSA-compatible plan or go to another employer that doesn’t offer an HSA-compatible plan, you can still use your HSA to pay for out-of-pocket qualified health care costs. But you won’t be able to continue to make contributions to your HSA.

Q. Can I roll over funds from my HSA to another HSA if I leave the program?
A. Yes, contact your new HSA administrator for help with the rollover process.

Q. What if I use HSA funds to pay for nonqualified health care costs?
A. If you realize you’ve used HSA funds for nonqualified health care costs before you file your taxes, you can fill out a form showing these contributions, along with a check to put the funds back in your HSA. If you’ve filed your taxes and did not return the funds, the amount you spent on the nonqualified expense will be considered part of your taxable income. You will also owe a 20% penalty on that amount if you are under age 65.

Q. Do I have to use funds from my HSA to pay for health care costs?
A. No, you may pay out of pocket with after-tax dollars and let your HSA balance grow tax-free.

Tax benefits

Q. What are the tax benefits of an HSA?
A. There are several benefits:
   - Contributions to the account are (federal) tax-deferred or tax-advantaged.
   - Any investment and interest earned in your account are (federal) tax-deferred.
   - Withdrawals from the account for qualified health care costs are (federal) tax-free.
   - Depending on the state where you live, you may save on your state tax as well.

Choosing health care providers

Q. What is the difference between in-network and out-of-network providers?
A. Network providers are doctors, hospitals, facilities and other health care providers who are part of the network. That means they have a contract with us and will accept the amount we allow as payment in full for certain covered services. This large network includes many providers and specialists so you find the care you need. You can even find network care when you travel across the country with the BlueCard® PPO program, which is included with your plan. Just call 1-800-810-BLUE if you need care away from home.

Out-of-network providers do not have a contract with us and have not agreed to accept the amount we allow as payment in full for specific covered services. This means out-of-network providers may charge more for services than what the network providers agree to accept. If you see an out-of-network provider, you’ll pay any provider charges above what we allow.

Q. How do I know if my doctor is in the network?
A. You can search the provider network by going to anthem.com and selecting Find a Doctor. Follow the steps and select your plan. If you need more help, call the Member Services number on the back of your ID card.
Q. If my doctor isn't in the network, can I still use his or her services?

A. You can go to any doctor you choose. And you don’t need a referral to see a specialist. However, you’ll save money when you go to a network doctor. Also, if you see an out-of-network doctor, you may have to file a claim yourself. You can download a claim form at anthem.com.

Q. Can I go to any doctor or hospital when I travel away from home?

A. Yes, many providers throughout the country are part of the BlueCard PPO® program. To find a network doctor or hospital when you travel, call 1-800-810-BLUE. However, if you see an out-of-network provider, you may end up paying more out of pocket.

Q. If I need to file a claim, how do I get reimbursed?

A. In most cases, you won’t need to file a claim if you go to a network provider. If you go to an out-of-network provider, you might have to file the claim. If so, send your claim to us for reimbursement. You can download a claim form at anthem.com.

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Q. Do I need to use a particular pharmacy for specialty drugs?

A. Please contact Member Services to find out more about specialty drug coverage.

Q. How do I get the most out of my pharmacy benefits?

A. There are a few key steps to take to get the most out of your pharmacy benefits:

- Show your ID card when you drop off your prescriptions.
- Have your prescriptions filled at a participating pharmacy.
- Ask for generic drugs to lower your out-of-pocket cost.
- When possible, use the home delivery pharmacy for your prescriptions.

Prescription drug coverage

Q. Does the HSA plan cover prescription drugs?

A. Yes, show your ID card when you go to your pharmacy. If you have funds in your HSA, you can choose to use your HSA debit card for your share of the cost at the pharmacy. You also can use your HSA debit card for your cost when you use the home delivery pharmacy service if you have funds available.

If you have used all of the funds in your HSA — or choose not to use these funds and save them for future use — you will have to pay out of pocket until you meet your annual deductible before the traditional health coverage part of the plan begins. Then, you will pay any coinsurance for your prescription drugs. Check your Plan Summary to find out more about your prescription drug benefits.

Q. Do I need to get preauthorization for any drugs?

A. Some medications are not covered unless you first get approval through a coverage review process. To save you time and help avoid any confusion, check to see if your medication requires coverage review (prior authorization) by calling Member Services at the number on your medical plan ID card.

Some medications may be covered, but they may have limits (like only for a certain amount or for certain uses and lengths of time) unless you get approval through a coverage review. Before the medication may be covered under your plan, we will ask your doctor for more information to make a decision.

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- Show your ID card when you drop off your prescriptions.
- Have your prescriptions filled at a participating pharmacy.
- Ask for generic drugs to lower your out-of-pocket cost.
- When possible, use the home delivery pharmacy for your prescriptions.
What if I have questions?

Q. How does the money I contribute to my HSA help me save on taxes?

A. Any money you contribute to your HSA is considered (federal) tax-deductible. That means it’s not counted as taxable income for the year. So if you put $1,000 into your HSA, your adjusted gross income for the year is lowered by $1,000, which could save what you owe for taxes, depending on your tax status.

Q. What should I do with the receipts for services I had?

A. You should keep them. Since you own the HSA, you are responsible for giving documentation to the IRS, if you ever need to, for the expenses charged to your HSA.

Q. Are there any special instructions for filing my taxes?

A. Yes, you will have to complete a Form 8889 to report your HSA contributions and distributions when you file your taxes. Information from Form 1099-SA mailed to you by financial institution by early February shows annual distributions. You can find Form 8889 and instructions at irs.gov.

You'll receive Form 5498-SA from the HSA bank each May. It's for your information only. You don’t need to file it with your tax return. And you’ll need to keep track of your receipts for anything you pay for from your account in case you need to give documentation to the IRS to show you used any HSA funds on qualified health care costs. Please talk with a tax advisor to make sure you file your taxes correctly.

Q. Who do I contact if I have questions about my plan?

A. Please contact us with any questions you have about your plan. You can reach Member Services by calling the number on the back of your ID card or visiting anthem.com. You and your family members should receive your ID cards by your effective date of coverage. If you don’t receive them, or if you misplace one, please contact us.
Your privacy

Q. Is your website secure?
A. Yes, our customer-only website is secure and password-protected. Your personal information is kept safe using the highest encryption level available.

Q. What is your privacy policy?
A. You can read the Privacy Policy anytime at anthem.com.

The information included does not constitute legal, tax, or benefit plan design advice. We strongly encourage you to consult with a tax advisor before establishing a health savings account. Any health savings account will be established between the individual account holder and the HSA custodian or trustee. Anthem is responsible for the administration of the health plan, and the custodian is responsible for the administration of the HSA.