FREQUENTLY ASKED QUESTIONS
QUALIFIED HIGH DEDUCTIBLE HEALTH PLAN
WITH A HEALTH SAVINGS ACCOUNT

Qualified High Deductible Health Plans (QHDHP)

What is a QHDHP?
A QHDHP is a medical plan regulated by the IRS. Coverage in a QHDHP is also a requirement for having a Health Savings Account (HSA).

What is a deductible?
In a QHDHP, the deductible is the amount of money that must be satisfied first before the QHDHP will begin to pay benefits.

How do I meet my deductible?
For an employee only plan, the member must meet the individual deductible. For a family plan, the deductible may be met by one or more family members.

Do I have to keep track of my deductible?
Independence Blue Cross ("IBX") tracks all of your eligible expenses submitted for payment by your providers and applies such expenses to your deductible. You may view your expenses under your expense summary online at www.ibx.com.

Are dental and vision claims applied to my deductible?
No. Only medical expenses and prescriptions covered under your QHDHP are applied towards the deductible.

Will my deductible ever change?
To remain a qualified plan, the deductible on a QHDHP may change periodically. Any change to the deductible will be communicated to you.

Will the doctors, facilities, and medical providers change from my current plan?
No. This IBX plan has the same access to in-network doctors and hospitals that you have today with your current IBX plan.

Are my benefits different?
No. The benefits you have under your current plan are the same as under the QHDHP. The only difference is what you pay at the time of service.

What is the annual deductible?
The minimum annual in-network deductible is determined by the IRS. For 2016 and 2017, the minimum annual deductible is $1,300 for employee only coverage and $2,600 for family coverage. The deductible will apply to all non-preventive qualified medical services and prescriptions covered under the QHDHP.

Under my QHDHP, when I go to my doctor's office for treatment, will I be charged the typical co-payment for the visit, or am I responsible for paying the full charge?
Unless the treatment is for in-network preventive care which will be covered by the QHDHP at 100% before the deductible is met, you are responsible for the negotiated rate until you meet your deductible.

Under my current plan, I pay a small co-payment for my prescription drugs. Will that continue under the QHDHP?
Under the QHDHP, all covered expenses, including prescription drugs, are run up through the deductible. Until you meet the deductible, you will be responsible for the full cost of the drug. Once your deductible is met, you will then pay a copayment for your prescriptions at the pharmacy.

Health Savings Account (HSA) – In General

What is a health savings account (HSA)?
A HSA is a bank account that can be used to pay for current and future qualified medical expenses. The HSA can be funded with tax exempt contributions from both you and your employer. Funds from the HSA are made easily accessible with an HSA debit card which will be issued to you by Bank of America.

What are the advantages of an HSA?
- Contributions to your HSA are tax deductible.
- Employers may contribute to your HSA.
- Interest earned on your HSA is not taxable.
- Investment earnings from your HSA are not taxable.
- Withdrawals from your HSA for qualified medical expenses are not taxable.
- There is no "use it or lose it" rules
- The money is yours, and it grows and remains with you, even when you change medical plans, change employers or retire, even if you are no longer eligible to contribute

Who is eligible for a HSA?
To be eligible for an HSA, you must be enrolled in a QHDHP and:
1. You cannot be covered under any other coverage that is not also a QHDHP;
2. You must not be enrolled in Medicare or TRICARE;
3. You must not be claimed as a dependent on another person's tax return; and
4. You and your spouse must not be enrolled in a general purpose health care flexible spending account (FSA) or health reimbursement account (HRA).

Can a married couple establish a joint HSA account and both make contributions to the account?
No. Joint HSA accounts are not permitted. HSAs are individually owned accounts. If each spouse is eligible for an HSA, then each spouse may (at his/her own option) open their own HSA. If either spouse has family coverage under a QHDHP, then both spouses are treated as having family coverage, and the sum of the contributions into each account cannot exceed the annual family contribution limit. If both spouses have single coverage, then each spouse is allowed to contribute up to the annual limit for self-only coverage.

How do HSAs differ from health care FSAs?
Both HSAs and FSAs allow you to pay for qualified medical expenses with pre-tax dollars. The key differences are that in a HSA, the funds can accumulate over time, be invested, and there are no limits on the amount of money you can have in a HSA. A FSA, on the other hand, has a yearly maximum of $2,550, and depending on plan design, may only allow up to $500 of unused funds to roll over to the next year.

What if there is money left in my HSA at the end of the year?
The money remaining in your HSA at the end of the year will be rolled over to the next year and will remain available for you to use for qualified medical expenses.

Are there limits on how much money can be rolled over from year to year?
No, there are no annual limits or lifetime limits on how much can be rolled over. There is also no time limit on using the funds in your HSA.

Is there a fee for the HSA?
Similar to other investment accounts, there is a small monthly fee to administer the HSA.

Who pays for the HSA fee?
The party responsible for paying the monthly HSA administration fee can be negotiated.

Can the money in the HSA be invested?
Yes. You can invest the money held in your HSA. There are a number of different investment packages and funds that you can choose from, and you can do all of your investing directly from the IBX website.

If I choose not to invest my HSA monies, will it earn interest just sitting in the account?
If you choose not to invest your money, your account will still earn interest because it is held in an interest bearing account.

Is the money earned through my investments or accrued interest taxable?
As long as the money in your HSA is used for qualified medical expenses, all monies, including those earned through interest or investments are not subject to any taxation.

Health Savings Account (HSA) – Eligibility and Enrollment

Are there any income limits affecting eligibility to an HSA?
No. Income has nothing to do with HSA eligibility.

Are there any age restrictions regarding opening an HSA?
Once an HSA owner becomes enrolled in Medicare, contributions to the account must stop. Generally, this means at age 65. If you continue to actively work past age 65 and do not enroll in Medicare, then you may continue to contribute to your HSA, and will not be required to stop contributing until after you enroll in Medicare. If, however, you become disabled and entitled to Medicare, contributions to the account must stop for the month in which you become enrolled.

If you can be claimed as a dependent on someone else's tax return, you are ineligible to open an HSA. Although this is not an age restriction, generally you cannot open a HSA for your child if you, or someone else, claims them as a dependent.

I'm entitled to medical benefits from the Department of Veterans Affairs (VA), am I still eligible for an HSA?
Yes. A person's entitlement to VA benefits does not make them ineligible for an HSA. However, a person may not make a contribution to an HSA in any month where they actually received VA medical benefits during the preceding three months.

I'm covered by my spouse's health plan through his/her employer, am I eligible for a QHDHP and HSA?
It is important to remember that the QHDHP and HSA are two separate things. You are eligible for the QHDHP through your employer, but whether you are also eligible to establish and contribute to a HSA will depend on the type health plan your spouse has. If your spouse's coverage is anything other than a QHDHP, you are not eligible to establish or contribute to a HSA. You will become eligible for a HSA once you are no longer on your spouse's non-QHDHP.

My spouse has a health care FSA or HRA through his/her employer, can I still enroll in the QHDHP and HSA?
While you may enroll in the QHDHP, you or your employer are not allowed to contribute any money to your HSA while you or your spouse are covered by the general purpose FSA or HRA. Once you both are no longer covered by the FSA or HRA, contributions may then be made to your health savings account.

Can I still enroll in the QHDHP and HSA if either me or my spouse have a dependent care FSA?
Yes, you can have a dependent care FSA because it is not a plan that reimburses medical expenses.

Can I continue to contribute to my HSA after I enroll in Medicare?
No. Once you enroll in Medicare, you are no longer eligible to contribute to your HSA.

My spouse is enrolled in Medicare, but I am not. Can I still make contributions to my HSA?

Yes. As long as you, the HSA holder, are not enrolled in Medicare, then you can continue to make contributions to your HSA up to the annual limits.

Health Savings Account (HSA) – Contributions

Who can contribute to an HSA?
Contributions can be made by you, your employer, or both you and your employer. No matter how contributions are made, the total annual contributions cannot exceed the annual contribution limits.

What are the annual contribution limits to the HSA?
The IRS sets the annual contribution limits and releases notices to the public whenever those contribution limits change. The current limits are:

- 2016 – Employee Only Plan = $3,350 / Family Plan = $6,750
- 2017 – Employee Only Plan = $3,400 / Family Plan = $6,750

If you are age 55 or older, you can contribute an additional “catch-up” amount of $1,000 per year.

If both spouses have HSA accounts, and are over the age of 55, can both spouses contribute the additional $1,000?
Yes. If both spouses are 55 or older and not enrolled in Medicare, each spouse’s contribution limit is increased by the additional catch-up limit (currently $1,000). In this situation, the total contributions under family coverage cannot be more than $8,750 in 2016 and 2017.

How can money be added to HSA?
Both you and your employer can make contributions. Your employer can do a direct deposit of funds into your HSA account. You can deposit money into your HSA by making a pre-tax payroll deduction or by transferring post-tax dollars into the account via check or wire transfer. If you use post-tax dollars to fund your HSA account, you can take advantage of the tax savings when you file your tax return for that year with an “above the line” deduction.

Do I have to use the funds in my HSA each year?
No. Your contributions will remain in your account until you are ready to use them. There is no annual requirement to “use or lose” your HSA funds.

My employer only funded a portion of my deductible into my HSA, can I still contribute to my HSA?
Yes. You may fund your HSA up to the annual contribution limit. This means that in order to determine how much money you can contribute on your own, you take the annual contribution limit and subtract the amount of money that your employer contributed for that year.

Do I need to fund my entire HSA all at once, or can I fund the HSA over time?
You can fund your account over time or all at once. If you fund your HSA over time, you will only have immediate access to the monies that are actually in the account.

What are the tax treatments of my HSA contributions?

Contributions to your HSA are not subject to federal income tax or state tax unless used for non-qualified medical expenses (as explained later on).

If I contribute to my HSA through pre-tax payroll deductions, can I change the per payroll deduction at any time?
Subject to your employer's internal procedures, you may increase, decrease, start or stop your HSA contributions at any time.

What happens to my contributions if I don't stay in a QHDHP for the entire year?
If you maintain a QHDHP for less than 12 full months, the maximum annual contribution is prorated by the number of full months of coverage.

I enrolled in my QHDHP and established my HSA in July. Can I make a full year contribution?
If you are considered an eligible individual on the first day of the last month of your tax year (December 1 for most people), you are considered an eligible individual for the entire year, and can contribute up to the full annual limit for the type of coverage you have (either family annual limit or self-only annual limit). This is known as the "Last-Month Rule".

However, if you made a full contribution based upon the Last-Month Rule, then you must remain an eligible individual for the time period between the last month of your tax year and the last day of the 12th month following that month (i.e., December 1, 2015 – December 31, 2016). If you fail to remain an eligible individual during this time (other than because of death or becoming disabled) you will have to include as income the total contributions made to your HSA that would not have been made except for the Last-Month Rule.

What happens if I contribute more than my maximum annual contribution to my HSA?
If you contribute more than the annual contribution limits for the year, you should contact your tax advisor. Generally, though, if you contribute more than the maximum annual contribution limit to your HSA, you may withdraw the excess without penalty until the deadline (including extensions) for filing your tax return for the tax year for which the excess contribution was made. After that time, the funds are subject to both income taxes and an excise tax.

Health Savings Account (HSA) – Distributions

Whose qualified medical expenses can I run through my HSA for reimbursement?
Qualified medical expenses can be incurred by the following persons:

- You and your spouse;
- All dependents you claim on your tax return;
- Any person you could have claimed as a dependent on your tax return except if:
    - The person filed a joint return;
    - The person had gross income of $4,000 or more; or
    - You, or your spouse, if filing jointly, could be claimed as a dependent on someone else's tax return.

Please be advised, though, that the Internal Revenue Code is complex, and if you want to use your HSA funds for someone other than yourself, your spouse, or someone you claim as a dependent on your tax return, you should always consult your tax advisor first.

Can I pay for my spouse's/dependent children's qualified medical expenses from my HSA even if they are not covered by my QHDHP?
Yes. You may use funds from your HSA to pay qualified medical expenses for you, your spouse or a tax dependent free from federal income tax and state income tax even if they are not covered by your QHDHP. Remember, whatever qualified expenses you pay out of your HSA for your spouse or dependents not covered by your QHDHP will not hit your deductible.

What can I use the money in the HSA for?
You can use your HSA to pay for any qualified medical expenses without penalty or being taxed for any person mentioned above regardless of whether they are covered under your QHDHP or not. If the HSA account is used for anything other than qualified medical expenses, the monies withdrawn are subject to taxation as ordinary income, and, if you have not reached the age of 65 yet, the IRS can impose an additional 20% tax on the money withdrawn.

What is a qualified medical expense?
Qualified medical expenses are those medical expenses that the IRS has approved for use with your HSA account. The IRS has described these expenses in Section 213(d).

Are dental and vision care considered qualified medical expenses?
Yes. Most dental and vision care expenses are qualified expenses. For example, lasik eye surgery, glasses, contacts and braces are qualified expenses. Cosmetic procedures, such as cosmetic dentistry, are not generally considered qualified medical expenses.

I am keeping my dependent child on my QHDHP until he/she reaches age 26. Can I use my HSA monies to pay for his/her qualified medical expenses?
You can use your HSA to pay for any person you claim as a dependent on your tax return. A dependent generally includes any child up to age 19, or age 24 if that child is enrolled as a full-time student. If you are not claiming your child as a dependent, then it is best if you consult your tax advisor about whether you can use your HSA monies to pay for his/her qualified medical expenses.

What expenses are not eligible for reimbursement from my HSA?
The following are some expenses that may not be reimbursed from your HSA:

- Expenses that are not considered qualified medical expenses;
- Premiums for Medigap (Medicare Supplemental Policies);
- Expenses paid by another insurance plan;
- Expenses incurred prior to the date the HSA was established; and
- Over-the-counter drugs purchased without a prescription.

How do I use my HSA to pay for qualified medical expenses?
You can pay your claim directly to the provider or reimburse yourself for out of pocket expenses directly from the IBX website which is tied to your HSA account (www.ibx.com). You will also be issued a debit card when your HSA is established. You can use your HSA debit card at the pharmacy or to pay your claim to the provider once you are invoiced for the services that you received.

My spouse is on Medicare, can I pay for his/her Medicare premiums?
If you, as the account holder, are age 65 or older, your spouse's Medicare premiums can be paid for out of your HSA account. However, if you are not age 65, you generally cannot use your HSA to pay for the Medicare premiums of your spouse who is over 65.

How many debit cards will I be issued?
You will be issued one debit card automatically. You can request up to 3 additional debit cards at your option. The debit card, however, looks and acts like a normal bank card, so you need to make sure that anyone who you give a debit card too knows that it can only be used for qualified medical expenses and that there are penalties associated with using it for non-qualified medical expenses.

Will all qualified medical expenses I pay for with my HSA go against my deductible in my QHDHP?
No. Not all qualified medical expenses will go against your deductible. The only qualified medical expenses that will hit your deductible will be those expenses covered by your QHDHP. For example, contact lenses are considered a qualified medical expense, but the cost for those contacts will not be applied to your deductible.

Do I have to use the money in my HSA to pay for the expenses that go against my deductible?
No, it is your choice whether you want to use the money in your HSA or not.

What if HSA funds are used for non-qualified expenses?
Money withdrawn from a HSA to pay for any non-qualified expenses is considered taxable income to the account holder and is subject to a 20% penalty if the holder of the account is under the age of 65. Once the account holder reaches age 65, any money withdrawn for non-qualified expenses will be considered taxable income, but will not be subject to the 20% penalty.

What can I do if I use my HSA for a non-qualified expense accidently?
If you accidently use your HSA funds for a non-qualified expense, you have one lifetime opportunity to put money back into the account without the risk of being penalized. You should talk to your tax advisor about what your options may be if this happens more than once.

How do know what the balance in my HSA account is?
You can go to the IBX website (www.ibx.com) to get an up to date account balance of your HSA. You will also receive monthly bank statement showing your HSA account activity for the month.

Do I need to keep receipts for dental, vision, or other qualified expenses that are not part of my QHDHP?
Yes. You should keep receipts for any dental, vision, or other qualified expenses that are not part of your QHDHP in case you are ever audited.

How does IBX track my expenses that are applied toward my deductible?
Your HSA will be integrated though IBX's system so that you can access your HSA funds and pay for claims that are processed through IBX (i.e., those claims that will hit your deductible) directly from your HSA account through the IBX website (www.ibx.com).

Can I use my HSA to pay for medical services provided in other countries?
Yes, provided the services are considered qualified medical expenses.

What happens if I use all the money in my HSA for qualified medical expenses, but my deductible has not been met?
Your HSA operates just like a bank account. If the balance in your HSA is $0.00, then you will not be able to use your debit card or seek reimbursement for any expenses you pay out of pocket. As long as you haven't met your annual contribution limit for the year, you can contribute additional funds into your HSA up to the annual contribution limit to pay any additional claims expense.

Health Savings Account (HSA) – Change in Circumstances

What happens to the money in the HSA after I turn 65?
You can continue to use your account tax-free for out-of-pocket qualified medical expenses. If you are actively working and not enrolled in Medicare, you can continue to contribute to your HSA. When you enroll in Medicare, you can use your HSA to pay Medicare premiums and any other qualified medical expense. You may not use the funds in your HSA to purchase a Medicare Supplement or Medigap policy.

What if I leave my current employer or retire and still have money in my HSA?
The money in your HSA is your money, and will continue to be your money after you leave your current employer or retire. Once you leave your current employer, if you are no longer covered by a QHDHP, you will not be able to contribute to your HSA any longer, but you can continue to use the money in your HSA to pay for qualified medical expenses.

If I leave my current employer or retire after my employer has made a contribution, will I have to give my employer back that money?
No. Once your employer makes a contribution into your HSA account, that money becomes your money, and your employer no longer has any right or interest in that money. Your employer cannot require you to pay back or otherwise refund that money in any way.

If I start employment at a new employer who also has a QHDHP through IBX, do I need to transfer all of my HSA money into a new HSA set up through my new employer?
No. You can call the customer service number on the back of your HSA debit card, and they can walk you through the process of having your existing HSA tied into your new employer's group number, as long as your new employer continues to be a IBX customer.

How long after I retire can I continue to use my HSA to pay for premiums?
If you retire at or after age 65, you can use your HSA to pay for your premiums. If you retire before age 65, you can use your HSA to pay for your health insurance premiums during your COBRA period.

What happens if I retire more than 18 months before I reach age 65?
The time period between the end of your first 18 months post-retirement and age 65 is a "gap" period where you will not be able to use your HSA funds to pay for your healthcare premiums, though you can still use your HSA to pay for other qualified medical expenses. If your employer offers a retirement incentive, or payment for unused sick leave, etc., a limited Health Reimbursement Arrangement (HRA) may be set up for the sole purpose of paying your gap period premiums.

What happens to my HSA if I am eligible for COBRA coverage?
Your HSA belongs to you regardless of your employment. If you lose your job and elect to retain your QHDHP under COBRA you can even pay the COBRA premiums from your HSA account.

What if I no longer have coverage under a QHDHP but still have money in my HSA?
Although in this circumstance you can no longer contribute to your HSA, you may still continue to use the pre-tax funds in the account to pay for qualified medical expenses incurred anytime after the HSA was opened.

What happens to the money in my HSA if I become disabled?
If you become disabled and enroll in Medicare, contributions to your HSA must stop as of the first of the month in which you become enrolled. However, you can continue to use the funds in your HSA to pay for qualified medical expenses, including payments for Medicare B.

What happens to my HSA when I die?
Your HSA is an inheritable account, and what happens to your account will depend on who you name as a beneficiary. If you name your spouse as the designated beneficiary, the account will be treated as your spouse's HSA after your death and will continue to be tax-free for qualified medical expenses. Your spouse may be able to contribute to the HSA up to the annual limits if he/she continues to be covered by a QHDHP after your death.

If you name someone other than your spouse as the beneficiary, the account will stop being an HSA on the date of your death, and the monies in the HSA will be taxed. Your non-spouse beneficiary can, however, use the pre-tax money in the HSA to pay for any qualified medical expenses incurred by you prior to your death within one year after the date of death.

What happens if I don't name a beneficiary?
If you are married at the time of your death, your HSA will automatically transfer to your spouse. If you are not married, or your spouse passed away before you did, your HSA account will go into your estate and be subject to taxation.

How do I designate a beneficiary for my HSA?
When your HSA is first established, you will be mailed a "Welcome Kit" that will have a beneficiary designation form in it. You can also update beneficiaries right from the IBX website once you login under your name.

Can I designate more than one beneficiary?
You can designate one or more persons or entities as death beneficiaries of your account.

Can I designate primary and contingent beneficiaries?
You can designate both primary and contingent beneficiaries. You can designate one or more persons or entities as both your primary beneficiaries and contingent beneficiaries.

Medical and Prescription Claims Processing

How are medical claims processed?

1. You receive qualified medical services after presenting your IBX insurance identification card.*
2. The provider submits your claim to IBX.
3. IBX processes your claim and applies the services to your deductible using the IBX negotiated charges for those services.
4. IBX notifies the provider how much the provider may charge you for the services you receive.
5. You receive your "Explanation of Payment" statement in the mail and also via the IBX website which indicates your liability and what you will owe the provider.
6. The provider bills you for the service.
7. You decide whether or not you want to use the money in your HSA to pay the provider the amount billed.

* In most cases you will not be required to make a payment at time of service. However, in certain limited circumstances, depending on the provider's billing practices, if your deductible has not been met, you may be required to pay a percentage of the deductible up front when scheduled for an outpatient surgery or procedure.

How are prescription claims processed?

1. You will present your IBX insurance identification card at the pharmacy.
2. The pharmacy submits your prescription claim to IBX.
3. IBX processes your claim and applies the prescription cost to your deductible using the IBX negotiated charges for the drug cost.
4. IBX notifies the pharmacy how much they may charge you for the prescription you are receiving.
5. You pay the pharmacy at the same time you receive your prescription.
6. You decide whether or not you want to use your HSA debit card to pay the pharmacy the amount billed (you are not required to use your HSA funds if you want to just pay for the cost of the prescription out of pocket).

Paying a Provider Invoice

How do I pay a physician, specialist, or facility from my HSA?
You have multiple options for paying the provider. Keep in that **YOU SHOULD NOT PAY A PROVIDER UNTIL YOU RECEIVE AN INVOICE.** Once the invoice is received:

- You can log on to www.ibx.com and pay your claim directly through the IBX website.
- You can use your HSA debit card and either write the debit card number on the invoice and return it to your provider, or some providers allow you to call them and give your debit card number over the phone.
- You can pay with non-HSA funds, and, if you choose to reimburse yourself, log onto the IBX website and click “pay self” option to have money from your HSA sent directly to you.

Prescription Drug Services

What will I pay for prescription drugs at an in-network pharmacy?
Upon picking up your prescription you will pay the IBX negotiated rate for all medications, and this amount will be applied towards your annual deductible. Until you meet the deductible, you will be responsible for the full cost of the drug. Once your deductible is met, you will then pay a copayment for your prescriptions at the pharmacy.

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How do I pay the pharmacy for my prescription.
You have options for paying the pharmacy for your prescriptions:

- You can use your HSA debit card; or
- You can pay with non-HSA funds, and if you choose, reimburse yourself later on from your HSA account.

IBX Website

How do I get on the IBX website?
The IBX website is available at all times on the internet at www.ibx.com. First time users will need to establish a user name and password to take full advantage of all of IBX's account management features.

How do I set up a user ID and password?
First time users can use the "Register Now" link on the IBX website. You will need basic information about yourself as well as the Member ID from the front of your IBX member ID card.

What is my user ID?
Your user ID can be any unique ID that you establish during account setup. If you forgot your user ID or password, you may use the "Forgot Your Login ID or Password' link on the IBX webpage and follow the prompts. You may also call IBX's member services number located on the back of your IBX member ID card and a IBX customer service rep can help you re-establish your Login and/or password.

General Questions About Your Plan

How can I find out if my preferred provider is an in-network provider?
The "Find a Provider" tool on the IBX website (www.ibx.com) will help you verify whether your provider is in-network or not. For further assistance, you may call The Reschini Group customer service area at 1-800-442-8047.

What if my provider does not accept IBX insurance?
If your provider does not accept IBX insurance, your claim will process at the out-of-network level. Providers who bill at the out-of-network level are not required to accept IBX's payment as payment-in-full and may bill the member for the difference between IBX's payment and the provider's charges. This is called "balance billing".

How can I confirm that the bill I receive is correct?
Members will receive an "Explanation of Payment" statement from IBX showing all claim activity and the member responsibility for those claims. Bills received from providers should match the "Explanation of Payment". "Explanation of Payments" are also available online at the IBX website (www.ibx.com).

What if I receive a bill that is incorrect, or I am unsure if the bill is correct?
The Reschini Group is here to assist you with all questions concerning your benefits. Our customer service representatives can assist you with any claims or concerns at 1-800-442-8047.