FAQ - High Deductible Health Plan with Health Savings Account (HSA)

• The HealthyBlue HSA is a Qualified High Deductible Health plan (HDHP) that gives you more control and responsibility over how you spend your health care dollars.

• Under the HealthyBlue HDHP your payroll premiums are lower, but your annual deductible is higher than the HMO or PPO medical plans.

• However, you can make pre-tax contributions to a Health Savings Account (HSA) to help you pay for your costs before you reach your deductible.

• Your HSA is yours to keep, even if you leave employment at Loyola. The HSA is an account that you own and use to pay current and future eligible health care expenses. You decide which expenses to pay from your HSA.

HealthyBlue High Deductible Health Plan (HDHP) with Health Savings Account (HSA)

Q. Do I pay for the full amount of the office visit when I go to the doctor?
A. If you see a physician before meeting your deductible you are responsible for paying the allowed amount (with the exception of in-network preventive care office visits and preferred preventive drugs, which are always covered in full by the medical plan). You can use your HSA for this expense. Once the deductible is met, in-network primary care office visits are covered in full by the medical plan and you will pay a $30 copay for in-network specialist office visits.

Q. How are prescription drugs covered under this plan?
A. Your prescription drugs are subject to the plan annual deductible, except preferred preventive drugs. Preferred preventive drugs are generic medications prescribed by a provider under a written prescription, in one of these categories – Aspirin, Folic Acid, Fluoride, Iron Supplements, Smoking Cessation Products, and certain drugs related to high cholesterol, high blood pressure, depression, asthma, and diabetes.

Q. What happens if I have a large medical claim? When will the HealthyBlue HDHP cover my expenses?
A. If you have a large medical claim, the annual out-of-pocket maximum protects you financially by covering 100% of the costs for the rest of the plan year once you reach the out-of-pocket maximum - $4,000 in-network for individual coverage, and $6,550 in-network for all other coverage levels (note: out-of-network out-of-pocket maximums are higher).

Q. Is the network for the HealthyBlue HDHP different than the network for the PPO and HMO plans?
A. The HealthyBlue HDHP uses the BlueChoice network, which is the same network as our HMO plan.

Q. How do I pay for services under the HealthyBlue HDHP?
A. Since you need to meet a deductible before benefits begin (except in-network preventive care and preferred preventive prescriptions), you will pay your provider using funds in your HSA or by paying out of pocket. When filling a prescription, you can simply use your HSA Visa® debit card to make the payment. Remember to check your HSA balance before using your debit card because there must be funds in the account to cover the expense (similar to a checking account).
Q. How can I receive the most value from the HealthyBlue HDHP?
A. You can get the most value from the HealthyBlue HDHP by actively managing your health care.
  - **Know the plan and when to use medical care.** Knowing how your plan works and keeping track of how much you’ve paid each plan year are the first steps to knowing how to use your plan well.
  - **Use preventive care.** Take advantage of your 100% covered in-network preventive care so you can stay healthy and detect problems before they become serious.
  - **Know the costs and look for appropriate alternatives.** Taking financial responsibility is another part of using the plan. You can save money by shopping for the best local, in-network rates and by budgeting your expenses so you can set aside enough money in your HSA. You should consider alternative means of care and discuss them with your provider (e.g. generic instead of brand drugs, going to your primary care physician or an urgent care facility rather than an emergency room for non-life threatening medical conditions, etc.). By logging into CareFirst My Account at [www.carefirst.com/myaccount](http://www.carefirst.com/myaccount), you can utilize cost estimator tools to find pricing for a variety of procedures and prescriptions to help you better manage your out-of-pocket expenses.
  - **Lead a healthy lifestyle.** Not only will you feel better, but you may end up spending less on health care—less of your own money—and saving more of your HSA for future health needs.

Q. Is there a separate deductible for each covered dependent?
A. No. Your deductible is based on the coverage level you choose. Covered medical expenses for you and your covered dependents apply toward the two-party and family deductible ($3,000 in-network).

Q. Will I have an insurance ID card to present to my provider?
A. Yes. You will receive a new CareFirst ID card in the mail if you enroll in the HealthyBlue HDHP. Please be sure to update your ID card with your provider and your pharmacy.

Q. What are the tax advantages of having an HSA?
A. With an HSA, you save on taxes in three ways. First, the money you contribute to your HSA isn’t taxed. Whether or not you itemize deductions on your income tax returns, your HSA contributions are tax deductible. Second, the money in your HSA earns interest, which is also tax-free. Some HSAs offer investment options, and any investment earnings also grow tax-free. Third, any money you withdraw isn’t taxed as long as you use it for eligible medical expenses.

Q. Who is eligible to open an HSA?
A. To open an HSA, an individual must be enrolled in a Qualified High Deductible Health plan (QHDHP). You cannot be enrolled or participate in any other private or public health plan that is not also a QHDHP, including Medical FSAs, HRAs, non-qualified medical plans, Medicaid, and Medicare. You also cannot be claimed as a dependent on someone else’s tax return.

Q. How do you contribute to an HSA account?
A. To fund your HSA, you can make deposits in a variety of ways. You can set up an automatic per pay deposit through Loyola to fund your HSA on a regular basis without any hassle. Your contributions will be deducted pre-tax from your pay and deposited into your Bank of America HSA. You can also make tax deductible direct contributions, such as writing yourself a check or transferring funds from another bank account. Additionally, Loyola contributes to your HSA on your behalf! Loyola will deposit $500 in your HSA if you are enrolled as an individual, or $1,000 if you are enrolled with dependents. The annual contribution amount is deposited into your Bank of America HSA on the first day of the plan year. For new hires, this amount will be prorated based on date of hire.
Q. Who can contribute to my HSA?
A. You (and someone on your behalf, such as your employer) can contribute to your account, up to the statutory limit set by the Internal Revenue Service (IRS). If you are, or will be, age 55 or over during the calendar year, you may also make a “catch-up” HSA contribution of an additional $1,000 each year. Annual contributions, minimum HSA-eligible health plan deductibles and out-of-pocket maximums are all adjusted annually for inflation and set by the IRS.

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Q. Can I make multiple and/or lump-sum contributions to my account?
A. Yes, as long as your annual contributions (combined with Loyola’s annual contributions) do not exceed the IRS-defined limits.

Q. How do I access funds from my HSA?
A. Once you enroll in the Bank of America HSA, you will receive a Visa® debit card to access the funds in your account. Present your insurance card at a provider’s office, pharmacy or other merchant or service provider so that the charge applies toward your deductible and out-of-pocket maximum where applicable. You may use your debit card wherever Visa® is accepted. You may also access the funds and pay online, or reimburse yourself via direct deposit or a check.

Q. What expenses are eligible for tax-free reimbursement from an HSA?
A. The funds you withdraw from your HSA aren’t subject to federal tax as long as they are used to pay for your own or your dependents’ qualified health care expenses. Eligible expenses include the costs for health care providers such as physicians, surgeons and specialists, and materials such as eyeglasses, contact lenses, prescription drugs and prescribed over-the-counter drugs or medicine. A comprehensive list of eligible expenses is available online at bankofamerica.com/benefits/login under Tools and Resources. Remember to save your receipts! The IRS may request that you show proof of how you used your tax-free money.

Q. What happens if I don’t use all the money in the HSA by the end of the year?
A. An HSA is not subject to any use-it-or-lose-it requirements like an FSA is. HSA money in the account at the end of the year will remain there, and continue to earn interest tax-free until you decide to withdraw the funds.

Q. What happens if I don’t have enough funds in my HSA at the time I receive medical care or need to purchase eligible medical items?
A. If you don’t have enough funds in your HSA to pay for a qualified medical expense, you will have to pay for the product or service out-of-pocket. Once additional funds have accumulated in your account, such as after a paycheck contribution, you can request reimbursement from your HSA by entering an online claim at bankofamerica.com/benefits/login. In fact, you can request reimbursement for an expense you paid for out-of-pocket even years later, so long as your HSA was open at the time of the expense, and you have a receipt establishing the expense as eligible.

Q. What if I leave employment at Loyola?
A. An HSA is a portable, individually owned account, which means it’s your money for the rest of your life. You can continue to use the account to pay for qualified health care expenses. However, the law states that you can only make new contributions to the account if you are enrolled in a Qualified High Deductible Health Plan.
Q. How do I manage and monitor the funds in my HSA?
A. Online access to your HSA is available anytime through the Bank of America Online Portal.

Q. I joined the HealthyBlue HDHP but didn’t cover my children under this plan. Can I use my HSA to pay for my children’s medical, dental, and vision expenses?
A. Yes. Your HSA can be used to pay for eligible medical expenses of a spouse or any family member who qualifies as a dependent on your tax return. If your child is under the age of 26, but does not qualify as a dependent on your tax return, he/she may be covered under your HealthyBlue HDHP, but your HSA funds can only be used for expenses for a child who is a tax-qualified dependent.

Q. Can I use my HSA for eye glasses, contacts, dental expenses, and orthodontics?
A. Yes, but remember these expenses may not apply to your health insurance deductible.

Q. Can I use my HSA dollars for non-eligible expenses?
A. Money withdrawn from an HSA account to reimburse non-eligible medical expenses is taxable income to the account holder and is subject to a 20 percent tax penalty—unless over age 65, disabled or upon death of the account holder.

Q. Can I enroll in the HSA and the Flexible Spending Account (FSA) program?
A. If you enroll in a Health Care FSA, you cannot contribute to your HSA, but existing HSA funds may be used.

Q. What is form 8889?
A. Form 8889 is used to report Health Savings Account (HSA) information, including contributions, any distributions for medical purposes, and any non-medical related withdrawals. If you have a Health Savings Account, you will need to file Form 8889 with your tax return.

Last-month rule

Under the last-month rule, if you are an eligible individual on the first day of the last month of your tax year (December 1 for most taxpayers), you are considered an eligible individual for the entire year. You are treated as having the same HDHP coverage for the entire year as you had on the first day of the last month.

If contributions were made to your HSA based on you being an eligible individual for the entire year under the last-month rule, you must remain an eligible individual during the testing period. For the last-month rule, the testing period begins with the last month of your tax year and ends on the last day of the 12th month following that month. For example, December 1, 2016, through December 31, 2017. If you fail to remain an eligible individual during the testing period, other than because of death or becoming disabled, you will have to include in income the total contributions made to your HSA that would not have been made except for the last-month rule. You include this amount in your income in the year in which you fail to be an eligible individual. This amount is also subject to a 10% additional tax. The income and additional tax are shown on Form 8889, Part III.

Example Chris, age 53, becomes an eligible individual on December 1, 2016. He has family HDHP coverage on that date. Under the last-month rule, he contributes $6,750 to his HSA in 2016. Chris fails to be an eligible individual in June 2017. Because Chris did not remain an eligible individual during the testing period (December 1, 2016, through December 31, 2017), he must include in his 2017 income the contributions made in 2016 that would not have been made except for the last-month rule. Chris uses the worksheet in the Form 8889 instructions to determine this amount.

Chris would include $6,187.50 ($6,750.00 – $562.50) in his gross income on his 2017 tax return. Also, a 10% additional tax applies to this amount.