

# FAQs

## What is consumer-driven health care?

It's about choice, where consumers use high-deductible health plans like HealthShare Plus to reduce premiums and encourage informed health care decision-making. It's about combining that high-deductible plan with a health savings account (HSA) to help employees manage today's medical expenses and invest their pre-tax dollars for the future. This type of HSA-Qualified health plan empowers employees to make decisions that are right for them and their families.

## Can I take the money out of the HSA whenever I want?

Yes, but if it is not used for qualified medical expenses, you will have to pay taxes on that money plus a 10% tax penalty.

## What is a qualified medical expense?

Those that would generally qualify for the medical and dental expenses income tax deduction. These are explained in IRS Publication 502, Medical and Dental Expenses. Go to <http://www.irs.gov/publications/p502/index.html> for specifics of what expenses are covered.

## I am a parent on the HSA plan but did not cover my children under this plan.

### Can I use the money in my HSA to pay my children's medical expenses like copays and deductibles?

Yes, the money in your HSA can then be used to pay for any tax-dependent family member, but will not be applied toward your deductible.

## I have a domestic partner on my insurance plan. Can I use HSA funds for my domestic partner's medical expenses?

The law states that money in an HSA can only be used for yourself, your spouse and your tax dependents. If your domestic partner meets the IRS qualifications to be considered a tax dependent, you can legally use your HSA funds for his or her medical expenses. If they do not meet this qualification, you cannot.

## Can HSA funds be used to pay non-medical expenses?

Yes, but you will be taxed plus penalized 10% of the amount used.

## Is there ever a case in which there is no 10% penalty when HSA funds are used for non-medical expenses?

Yes. Once you are 65 years old there is no 10% penalty when HSA money is used for non-medical expenses.

## Can I use HSA money to pay for eye glasses, contacts or LASIK surgery? Dental expenses? Orthodontia? Acupuncture or chiropractic care? Hearing aids, wheelchairs or crutches? Smoking cessation programs?

Yes, but it may not apply towards your medical deductible.

## Can I use HSA money to pay for voluntary cosmetic surgery?

No. The HSA can only be used for doctor-directed cosmetic surgery.

## When I go to the doctor, do I pay for the full office visit?

No. You are only responsible to pay the amount after your insurance applies the discount. You will generally be sent a bill after the discount is applied.



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\* Data from U.S. Congress

CELEBRATING  
20  
YEARS

The inside story of how HSAs work so that you can, well, get back to work.

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**HSA Definition:** At a time when consumers are taking control of health care decision-making, Health Savings Accounts (HSAs) are an innovative savings tool that puts the consumer back in the driver's seat. An HSA puts the consumer in charge of their own health care by adding the power of a financial tool. HSAs help consumers to be healthy, wealthy and wise about their health care investment.



## How HSAs work for members: the big picture.

When you have an HSA, you essentially attach an individual savings plan to a qualified health plan. This savings plan offers employees some pre-tax advantages because the account is built through pre-tax payroll deductions

or contributions. Individuals use these HSA contributions to pay medical bills. If HSA funds go unused, they roll over into the next year and continue to accumulate.

### HealthShare Plus<sup>SM</sup> or other Qualified High Deductible Health Plan.

Protects you against catastrophic events, offers peace of mind.



### Health Savings Account.

Funded from savings on health insurance premiums, used to pay for routine medical costs.



## How HSAs work for members: a daily snapshot.

### When visiting the doctor:

- Present insurance card.
- Doctor/clinic sends the bill to insurance provider (no copay).
- Insurance provider adjusts the price for service based on a negotiated discount.
- Bill is paid using HSA debit card.
- If the HSA account lacks the money to cover the bill, then member pays the provider directly. Member can be reimbursed later when HSA funds are available.

### When filling a prescription:

- Present insurance card.
- Pharmacist provides discounted price.
- Bill is paid by swiping the HSA debit card.
- Pharmacy sends insurance company the claim to be applied toward deductible.
- If the HSA account lacks the money to cover the bill, then member pays for the prescription out-of-pocket.

## John's Story

### How an HSA pays for hospitalization.



John had a health plan with \$10 copays, a \$500 deductible, and 80/20

coinsurance up to an additional \$2,000 out of his pocket. If John were hospitalized, he would have had to pay the first \$500, then an additional 20% of the bill until he would have paid another \$2,000. The cost of this plan was \$800/month: John's employer paid \$500 and John paid \$300.

This year John's employer offers an HSA-based

plan that pays for all his medical expenses after the first \$5,000 (the deductible). The new HSA plan costs \$500/month, all of which is paid by the employer. John took the \$300/month he was paying for his old plan and placed it into an HSA — providing \$3,600 a year to pay for medical expenses. That year, John and his family had \$2,500 in medical expenses. These expenses were paid from John's HSA. At the end of the year, John had \$1,100 in his HSA — all of which he kept!

What John would have paid without an HSA

**\$2,500 total (\$500 deductible plus 20% of the total bill up to \$2000)**

How much John saved with an HSA

**\$1,100 remains after expenses are paid from HSA**

## Katie's Story

### How an HSA helps if you are healthy.

Katie is healthy and she switches to an HSA plan and has modest medical expenses in the first five years. She saves \$3,000 a year.



After five years, Katie has \$15,000 (plus interest) in her HSA. In year six, Katie has an unexpected surgery costing her \$25,000. Katie pays the first \$5,000 (the deductible) with money from the HSA and her insurance pays the rest. At the end of year six, her HSA holds \$10,000, plus whatever deposits were made into the HSA that year (plus interest).

Katie's HSA balance after 6 years:

**\$10,000**

## So much more than a bank account!

### HealthShare Plus<sup>SM</sup> and a Health Savings Account. Your total HSA solution.

True consumer-driven health care requires much more than just a high-deductible health plan and a bank account. You need education, technology and account administration that helps employers and employees understand how to get the most out of their plan. The resources of Physicians Plus deliver a comprehensive HSA solution that is easy to understand, easy to implement and that will save money for employees who manage their medical expenses closely. Consider the total value we bring to the HSA table.

### HSA Client Services: Our partner, HealthEquity, provides 24-hour services.

**Personal HSA Desktop** — Each member has access to a personalized Web page for managing account history, requesting reimbursements and reviewing their HSA balance.

**Optional Credit Line** — Members can access a credit line to pay for claims under the deductible, subject to qualification. This feature provides a "bridge" until their HSA has the funds to pay the claim.

**Self-Diagnostics Tool** — An online self-diagnostic tool includes a medical library, risk assessment tests, interactive media, preventive care information and more.

**24-hour Nurse Line** — A team of licensed nurses help employees make better health care decisions 24 hours a day, 365 days a year.

**Rx Research** — Research prescription drugs and find lower-cost or generic alternatives.

### HSA Account Services:

**FDIC-Insured Account** — Each member has an individual account. The money belongs to the member and continues to belong to them even if they leave their current employer.

**HSA Card** — Every plan includes up to two HSA Visa<sup>®</sup> debit cards for point-of-service use.

**Monthly Statements** — Along with monthly statements, members have online access to real-time account balances, claim history and transaction activity.

**Ongoing Education** — Members have opportunities to learn more about how to optimize their accounts.

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