

Health Savings Account Enrollment Guide

Health Savings Account

Paying for healthcare is now easier *and* less expensive with a Health Savings Account (HSA) from ConnectYourCare.

What is a Health Savings Account (HSA)?

A Health Savings Account (HSA) is like a 401(k) for healthcare. HSAs are tax-advantaged accounts that accumulate interest and can earn investment returns. The funds can be used to pay for qualified medical expenses today or can be saved for future expenses. It is owned by you, is 100% vested from day one, and lets you build up savings for future needs.

Health Savings Accounts offer tax savings, interest earnings, and investment options with all these advantages, there's no reason not to enroll!

- **Triple tax savings.** Contributions, whether they are made by you or your employer, are not taxable to you, and investment growth is not taxed while it is in the account. Distributions are not taxable as long as they are spent on eligible healthcare expenses incurred after the HSA was established.
- **Interest and investments.** Not only will your HSA balance earn interest each month, but once you meet the minimum balance, you will have the option to invest in nationally recognized mutual fund families.
- **Multiple uses.** There are hundreds of eligible healthcare expenses for your HSA funds, including prescriptions, over-the-counter medications, doctor office copays, health insurance deductibles, and coinsurance. Funds may even be used for qualified expenses for your spouse or dependents.
- **Easy to access.** Funds in the account are easily accessed with the healthcare payment card. Or, you can submit withdrawal requests online when using the card is not convenient.
- **Take it with you.** Because your HSA is owned by you, if you change jobs or health plans, your account stays with you. You can even use your account for retirement expenses when you reach 65.

HSA Rules & Regulations

- HSAs remain with you even if you change health plans or companies. If you open an HSA and later become ineligible to make contributions, you can still use your remaining funds.
- To be eligible to open and contribute to an HSA, you must be covered by a qualified High Deductible Health Plan (HDHP).
- HSA funds may be used for any eligible healthcare expense not covered by insurance or any other plan for yourself, your spouse, or tax dependents.
- HSA funds can be withdrawn for non-healthcare items, but will be subject to regular income taxes and a 20% excise tax penalty.
- For 2011, contributions may not exceed \$3,050 for individual coverage or \$6,150 for family coverage. For 2012, contributions may not exceed \$3,100 for individual coverage or \$6,250 for family coverage. Individuals ages 55 or older can make additional "catch-up" contributions of up to \$1,000 each year for 2011 and 2012.
- The IRS may request itemized receipts for HSA purchases during tax time. **Always save your itemized receipts!**



Health Savings Account Enrollment Guide

Using Your Account

We make it easy to access and use your account funds. There are two ways to pay for healthcare. Remember to save your itemized receipts in case they are requested during tax time.

1. **Use Your Healthcare Payment Card:** This is the simplest way to purchase healthcare! Pay using your healthcare payment card. Then, log on to your online account regularly to check your balance.
2. **Pay Out of Pocket and Request Reimbursement:** Pay using your own personal credit card, cash, or check. Then, log on to your online account to file for reimbursement.

TIP: Set up direct deposit online to receive quicker reimbursements.

How to Pay at.....

- **The Doctor, Dentist, Eye Doctor, or Hospital.** When you pay for healthcare at the doctor, dentist, eye doctor, or hospital, be sure to always present your health insurance ID card first to ensure proper processing of your charges.
 - **Copays.** If you are asked to pay a copay, you may pay with your healthcare payment card, or you may pay out of pocket and request reimbursement online.
 - **Additional Charges.** If you're asked to pay for additional charges, do not pay your provider until the claim is processed by your health plan and you receive your Explanation of Benefits (EOB) in the mail. This helps avoid overpayment. Compare your EOB with the provider bill to verify the amount being charged by your provider is the same as the patient balance on the EOB. You may then pay using your card, or pay out of pocket and request reimbursement online.
- **The Pharmacy**
 - **Prescriptions.** When purchasing prescriptions, always present your health insurance ID card to the pharmacy to make sure you receive your health plan discount.
 - **Over-the-Counter Items.** You may also purchase eligible over-the-counter items at the pharmacy and pay with your healthcare payment card. Or, you may pay out of pocket and request reimbursement online.

HSA Enrollment Eligibility

Most taxpayers are eligible for an HSA. However, you are *ineligible* for an HSA if:

- You can be claimed as a tax dependent on another person's taxes. Generally, this excludes children under age 19 (or 24 for students), or other household members with limited income who are supported by the taxpayer.
- You are enrolled in Medicare.
- You are covered by your own or a spouse's non-HSA-qualified health plan, Flexible Spending Account (FSA), or Health Reimbursement Arrangement (HRA).
- You received any Veteran's Administration health benefits in the last three months.

Health Savings Account Enrollment Guide

Using Your Healthcare Payment Card

We provide a convenient healthcare payment card to access account funds. You will receive this card in the mail.

Below are four tips to make using your healthcare payment card simple and easy.

1. Pay for Qualified Expenses with Your Card

Pay for qualified products and services directly at approved merchants (see sidebar). The money comes right out of your healthcare account. Although your healthcare payment card is a prepaid card, always select “credit” and sign for your purchases. No personal identification number, or PIN, is required to use the card.

2. Get Your Balance

By frequently checking your account balance online, you will have a good idea of the amount of funds available in your account. When you swipe your healthcare payment card, the system makes sure that your coverage is active and that you have sufficient funds in your account for the full amount. If not, the transaction will be denied. You can swipe the card for the amount left in your account and pay the difference with another form of payment.

3. Know What’s Eligible

Familiarize yourself with what expenses are eligible using the list of Eligible Expenses in this guide, your online account, or your employer’s plan documents. Examples of eligible expenses are doctors’ visits, prescription drugs and many over-the-counter medications. If you use the card for ineligible expenses, you have the option to reimburse the plan or you may be required to pay income taxes and an additional penalty tax.

4. Save Your Itemized Receipts

Although your healthcare payment card eliminates the need to file paper claims, the IRS may require itemized receipts for tax purposes.

Use Your Card At Approved Merchants

Your card has been programmed to work only at merchant locations that are designated as healthcare merchants based on their Merchant Category Code (MCC).

Examples of qualified merchants include doctor’s offices and hospitals. The card should only be used to pay for eligible medical expenses, and you should always save your receipts.

You will not be able to use your healthcare payment card at locations that are not approved healthcare merchants. Visit www.connectyourcare.com/stores for a list of approved merchants.

For purchases at those locations, you can pay with other means, then submit a request for reimbursement through your online account.



Health Savings Account Enrollment Guide



Using Your Online Account

Our online participant portal puts account information and health education tools at your fingertips.

Online Account Features

- Get Account Balance
- View Payment Card Charges
- View HSA Interest Payments
- Enter a Request for Withdrawal
- View Withdrawal Requests
- Manage HSA Investments
- Access Communication Center Messages
- View Reimbursement Schedule
- Use Consumer Tools
- Find Answers to Frequently Asked Questions

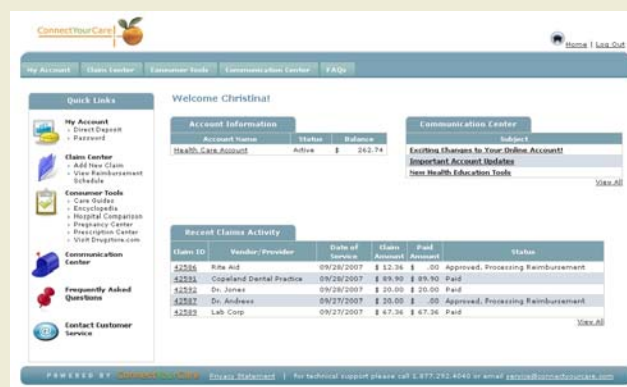
Health Education Tools

You will have access to valuable health education tools, including:

- **Care Guides:** Information on chronic conditions, such as asthma and high blood pressure
- **Hospital Comparisons:** Independent comparisons of area hospitals by procedure or diagnosis
- **Prescription Center:** Average costs for thousands of prescription drugs, cost effective prescription alternatives, and printable guides to take to a doctor
- **Pregnancy Center:** Important information for all stages of pregnancy
- **Healthy Living Tips:** Advice on living, eating, and exercising
- **Medical Encyclopedia:** Detailed information on thousands of health topics, including symptoms, surgical procedures, medical tests, poisons, and injuries
- **Diseases and Conditions:** A - Z listing of over 1,500 ailments with treatment and prevention options
- **Special Topics:** A collection of health-related topics from Aging to the Food Guide Pyramid

Where to Begin

- Go to www.connectyourcare.com
- Select the log in link from the upper right hand corner.
- Sign in with your user name and password.
- If it is your first time visiting the site, choose New User Registration to select your user name and password.



Health Savings Account Enrollment Guide



Health Savings Account Calculator

While there's no such thing as free money, an HSA can help your money go a lot further. Use this worksheet to see how much you can save.

Step 1: Estimate Out-of-Pocket Expenses

An HSA can cover medical, dental or vision expenses that you would otherwise pay out of pocket. Enter the annual amounts you spend on each expense to see how much you typically pay out of pocket.

Office visit copays	
Chiropractic services	
Psychiatric services	
Medical supplies and equipment	
Laboratory or x-ray charges	
Surgical or outpatient procedures	
Hospitalization expenses	
Prescription drugs	
Over-the-counter drugs	
Other medical expenses	
Dental deductible	
Dental preventative visits	
Orthodontia expenses	
Other dental expenses	
Vision exam	
Glasses, contact lenses, supplies	
Other vision expenses	
Other expenses	
Annual Out-of-Pocket Costs	

Try Our Online Calculator

www.connectyourcare.com/eecalculators

Step 2: Calculate Tax Savings

Sum your out of pocket expenses plus any additional contributions you plan on making. Then, multiply that total by your tax rate to calculate your tax savings.

Annual Out-of-Pocket Costs (from Step 1)	
+ Additional HSA Contributions	
= Total Annual Election	
Tax Rate (from table below)	
Annual Tax Savings (Annual Elections X Tax Rate)	

Tax Rate Table

Annual Household Income	Estimated Tax Rate*
less than \$30,000	25%
\$30,000 - \$39,999	29%
\$40,000 - \$69,999	31%
\$70,000 or greater	33%

*Tax rates are estimated based on a combination of social security, federal and state income taxes using national averages and may not reflect your actual tax rate.

Eligible HSA Expenses

There are hundreds of eligible expenses for your HSA funds, including prescriptions, over-the-counter medications, doctor office copays, health insurance deductibles, and coinsurance. HSA funds may even be used for eligible expenses for your spouse or tax dependents.

- Acupuncture
- Alcoholism treatment
- Ambulance
- Artificial limb
- Automobile modifications for a physically handicapped person
- Birth control pills
- Blood pressure monitoring device
- Braille books & magazines (above the cost of regular printed material)
- Chiropractic care
- Christian Science practitioner
- COBRA premiums
- Contact lenses & related materials
- Crutches
- Dental treatment
- Dentures
- Diagnostic services
- Drug addiction treatment
- Eye examination
- Eye glasses & related materials
- Fertility treatment
- Flu shot
- Guide dog or other animal aide
- Hearing aids
- Hospital services
- Immunization
- Insulin
- Laboratory fees
- Laser eye surgery
- Long-term care premiums or expenses
- Medical testing device
- Nursing services
- Obstetrical expenses
- Organ transplant
- Orthodontia (not for cosmetic reasons)
- Over-the-counter items (see separate list for details)
- Oxygen
- Physical exam
- Physical therapy
- Prescription drugs
- Psychiatric care
- Retiree medical insurance premiums
- Smoking cessation program
- Surgery
- Transportation for medical care
- Weight loss program to treat obesity
- Wheelchair

Use your Health Savings Account for hundreds of qualified expenses.



Ineligible HSA Expenses

These items are never eligible for tax-free purchase with HSA funds.

- Cosmetic surgery
- Exercise equipment
- Fitness programs
- Funeral expenses
- Hair transplants
- Household help
- Illegal operations and treatments
- Insurance premiums
- Maternity clothes
- Teeth whitening

Eligible Over-the-Counter HSA Expenses

Your HSA can also be used for some over-the-counter (OTC) items. Some of these items require a prescription and some are considered “dual purpose” and are eligible only with a prescription, doctor’s directive or letter of medical necessity. ***This list is subject to change. Please see www.connectyourcare.com/otc for updated information.***

Eligible without a Prescription – Insulin, testing, and other non-medicinal health items are available without a prescription, letter of medical necessity, or doctor’s directive. Examples include:

- Bandages
- Braces & supports
- Catheters
- Contact lens supplies & solutions
- Denture adhesives
- Diagnostic tests & monitors
- Family planning items
- First aid supplies
- Insulin & diabetic supplies
- Ostomy products
- Reading glasses
- Wheelchairs, walkers, canes

*A “prescription” means a written or electronic order for a medicine or drug that meets the legal requirements of a prescription in the state in which the medical expense is incurred and that is issued by an individual who is legally authorized to issue a prescription in that state.

Dual Purpose Items – Items that can be used for a medical purpose or for general health and well being are considered “dual purpose” and are eligible only with a prescription, doctor’s directive or letter of medical necessity. Examples include:

- Dietary and weight loss supplements
- Fiber supplements
- Orthopedic shoes and inserts
- Snoring cessation aids
- Vitamins and herbal supplements

Eligible with a Prescription* – OTC items that contain a drug or medication require a prescription in order to be reimbursed. Examples include:

- Acid controllers
- Allergy & sinus medicine
- Antibiotics
- Anti-diarrheals
- Anti-gas products
- Anti-itch & insect bite
- Anti-parasitic treatments
- Baby rash ointments/creams
- Cold sore remedies
- Cough, cold & flu treatments
- Digestive aids
- Feminine anti-fungal/anti-itch
- Hemorrhoidal preps
- Laxatives
- Motion sickness
- Pain relievers
- Respiratory treatments
- Sleep aids & sedatives
- Stomach remedies

Expenses that are NOT Eligible – OTC items merely beneficial to general health or for cosmetic reasons are not eligible. Examples include:

- Cosmetics
- Deodorant
- Exercise equipment
- Fitness programs
- Moisturizers and wrinkle creams
- Teeth whitening services & products
- Toothpaste & mouth wash

Health Savings Account Enrollment Guide

Interest Earnings and Investment Options

Your HSA brings you competitive interest rates and investment options for your HSA. UMB Bank n.a., the HSA banking custodian, provides the interest and investment options.

You can view interest payments and manage your investment options in your online account.

Interest Earnings

You will earn interest on your HSA balance from day one. And, the more you save, the more you earn. These rates are subject to change.

Today's interest rates are online at

https://www.umb.com/stellent/groups/public/documents/web_asset/000927.pdf

Investment Options

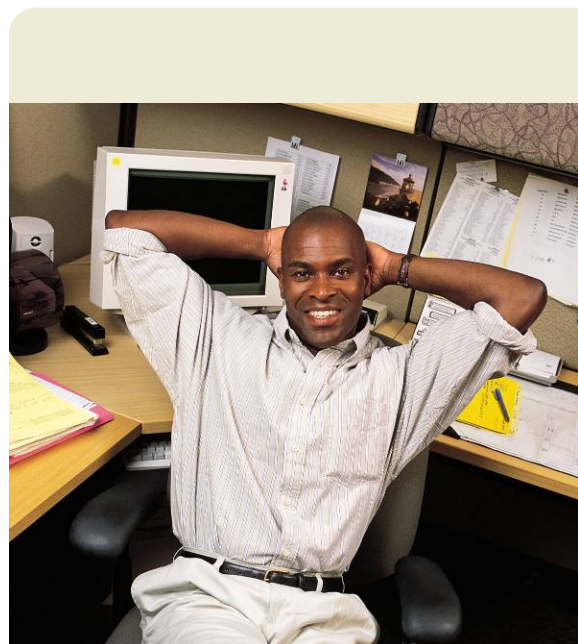
You may also invest HSA funds in a self-directed brokerage account that gives you the opportunity to manage your own investments. With seven nationally recognized mutual fund families and more than 175 individual funds from which to select, every investor should be able to design an investment plan to meet their individual needs.

To be eligible to open an HSA Investment Account through UMB Financial Services, you must have a required minimum balance of \$1,000 in your HSA plus enough to make the initial minimum investment amount for the fund(s) you wish to purchase, usually \$1,000 to \$2,000 per fund. Once you open an HSA Investment Account, you will be subject to UMB trading and brokerage fees.

Funds held in mutual funds through UMB Bank, n.a. or UMB Financial Services, Inc.: NOT FDIC INSURED/NO BANK GUARANTEE/MAY LOSE VALUE

Brokerage services are provided by UMB Financial Services, Inc., a registered broker-dealer and member NASD, SIPC, and not by UMB Bank. UMB Financial Services, Inc. is a subsidiary of UMB Bank, n.a. UMB Financial Services, Inc. is not a bank and is separate from UMB Bank, n.a. and other banks.

UMB Financial Services, Inc. is not a registered broker-dealer in Hawaii or Puerto Rico. "UMB" - Reg. U.S. Pat. & Tm. Off.



Health Savings Account Enrollment Guide



	Husband: No coverage of any kind	Husband: Self-only non-HDHP coverage	Husband: Self-only HDHP coverage	Husband: Family non-HDHP coverage*	Husband: Family HDHP coverage*
Wife: No coverage of any kind	Neither person is eligible, nor may he or she contribute to an HSA.	Neither person is eligible, nor may he or she contribute to an HSA.	Husband is eligible and may contribute to an HSA; his maximum contribution is \$3,050. His wife is not eligible and may not contribute to an HSA.	Neither person is eligible, nor may he or she contribute to an HSA.	Husband is eligible and may contribute to an HSA; his maximum contribution is \$6,150. His wife is not eligible and may not contribute to an HSA.
Wife: Self-only non-HDHP coverage	Neither person is eligible, nor may he or she contribute to an HSA.	Neither person is eligible, nor may he or she contribute to an HSA.	Husband is eligible and may contribute to an HSA; his maximum contribution is \$3,050. His wife is not eligible and may not contribute to an HSA.	Neither person is eligible, nor may he or she contribute to an HSA.	Husband is eligible and may contribute to an HSA; his maximum contribution is \$6,150. His wife is not eligible and may not contribute to an HSA.
Wife: Self-only HDHP coverage	Wife is eligible and may contribute to an HSA; her maximum contribution is \$3,050. Her husband is not eligible and may not contribute to an HSA.	Wife is eligible and may contribute to an HSA; her maximum contribution is \$3,050. Her husband is not eligible and may not contribute to an HSA.	Both people are eligible and each may contribute to an HSA; maximum contribution for each is \$3,050.	Neither person is eligible, nor may he or she contribute to an HSA unless the wife is not covered by the husband's family non-HDHP coverage. In that case, the wife is eligible to contribute up to \$3,050.	Both people are eligible and are treated as having only family coverage and may contribute to an HSA; maximum combined contribution is \$6,150, to be divided between them by agreement.
Wife: Family non-HDHP coverage*	Neither person is eligible, nor may he or she contribute to an HSA.	Neither person is eligible, nor may he or she contribute to an HSA.	Neither person is eligible, nor may he or she contribute to an HSA unless the husband is not covered by the wife's family non-HDHP coverage. In that case, the husband is eligible to contribute up to \$3,050.	Neither person is eligible, nor may he or she contribute to an HSA.	Neither person is eligible, nor may he or she contribute to an HSA unless the husband is not covered by the wife's non-HDHP coverage. In that case, the husband is eligible to contribute up to \$6,150.
Wife: Family HDHP coverage*	Wife is eligible and may contribute to an HSA; her maximum contribution is \$6,150. Her husband is not eligible and may not contribute to an HSA.	Wife is eligible and may contribute to an HSA; her maximum contribution is \$6,150. Her husband is not eligible and may not contribute to an HSA.	Both people are eligible and are treated as having only family coverage and may contribute to an HSA; maximum combined contribution is \$6,150, to be divided between them by agreement.	Neither person is eligible, nor may he or she contribute to an HSA unless the wife is not covered by the husband's family non-HDHP coverage. In that case, the wife is eligible and may contribute up to \$6,150.	Both people are eligible and are treated as having only family coverage and may contribute to an HSA; maximum combined contribution is \$6,150, to be divided between them by agreement.

Maximums shown refer to 2011 limits: \$3,050 for self-only coverage and \$6,150 for family coverage. For 2012, limits are \$3,100 for self-only coverage and \$6,250 for family coverage. These amounts do not reflect the additional "catch-up" contributions allowed for individuals who are age 55 or older. The catch-up contribution limit for 2011 and 2012 is \$1,000.

*Family coverage is any coverage other than self-only coverage. It does not necessarily cover the other spouse. For example, it might cover only one parent and the children. Code § 223, the statutory rules governing HSAs, contains a special rule for married individuals, which provides that if either spouse has family coverage, then both spouses are treated as having only that family coverage.

Consequently, family non-HDHP coverage on the part of either spouse that covers both spouses would make both individuals ineligible for an HSA.

Frequently Asked Questions

How much can I contribute to my HSA?

For 2011, you can contribute up to \$3,050 or \$6,150 per year into an HSA for individual or family coverage respectively. For 2012, you can contribute up to \$3,100 or \$6,250 per year into an HSA for individual or family coverage respectively.*

Individuals ages 55 or older (and not yet enrolled in Medicare) can make additional "catch-up" contributions of up to \$1,000 per person in 2011 and 2012.

How can I find out my account balance and review transactions?

Account Balance and Claims Status information is available 24 hours a day, seven days a week:

- Visit www.connectyourcare.com to log into your online account. If it is your first time visiting the site, choose New User Registration to select your user name and password.
- Call the number on the back of your healthcare payment card for balance information.

How will I be able to access my HSA funds?

You will receive a healthcare payment card to access your HSA funds. You can also pay for eligible expenses with any other form of payment and request a withdrawal from your account.

When can I request withdrawals from my HSA?

You will be able to access the funds in your account on the first day of your plan effective date.

How will I receive my withdrawals?

You are eligible to receive funds by check or direct deposit. For quicker payment, sign up for direct deposit in your online account.

How do I set up direct deposit?

Log into your account and select Direct Deposit from the Home page under My Account. Complete the short, secure form. Be sure to have your bank account and routing numbers on hand. Choose Direct Deposit as your preferred method of Claim Reimbursement and click the Confirm button.

What happens if I use my HSA for an ineligible expense?

If you use your HSA to pay for an ineligible expense, you may be required to pay income taxes and an additional penalty tax.

Can I make additional contributions to my HSA?

You can make non-payroll contributions changes using the Contribution Center in your online account.

Note: Contributions via the Contribution Center are made post-tax and can be deducted at tax time.

Is the healthcare payment card a regular debit card?

No, your healthcare payment card is a prepaid card. When paying for an eligible expense at a qualified merchant, swipe the card and select "credit." There is no personal identification number, or PIN, associated with your card.

Where can I use my healthcare payment card?

Your healthcare payment card can be used nationwide at qualified merchants. Examples of qualified merchants may include pharmacies, doctors' offices, vision centers, and hospitals. Visit www.connectyourcare.com/stores for a list of approved merchants. Your card should only be used to pay for medical expenses eligible under your plan, and you should always save your receipts.

Can I order a replacement or additional card for my spouse or dependent?

Yes. There is a \$5.00 fee for an additional or replacement card. Simply log on to your online account or contact Customer Service to request an additional card.

When will my card be activated?

Your card will be automatically activated the first time you use it.

Do I need to keep my receipts when I use my HSA?

YES! The IRS may require documentation to show the money was used for qualified expenses. Therefore, always hold on to your itemized receipts.

How do I open an HSA Investment Account?

Once you meet the minimum balance (\$1,000) plus the initial minimum investment amount for the fund(s) you wish to purchase, follow these simple steps to open an account through UMB Financial Services*:

- Select My Account from the Home page.
- Click on Investments.
- Click on My HSA Account.
- Select the Open Investments Account.
- Read the terms and follow the directions to open your account.
- Return to the Investments page regularly to manage funds.

Monthly administrative fees and transaction charges will apply.

*Funds held in mutual funds through UMB Bank, n.a. or UMB Financial Services, Inc.: NOT FDIC INSURED/NO BANK GUARANTEE/MAY LOSE VALUE.

Brokerage services are provided by UMB Financial Services, Inc., a registered broker-dealer and member NASD, SIPC, and not by UMB Bank. UMB Financial Services, Inc. is a subsidiary of UMB Bank, n.a. UMB Financial Services, Inc. is not a bank and is separate from UMB Bank, n.a. and other banks. UMB Financial Services, Inc. is not a registered broker-dealer in Hawaii or Puerto Rico. "UMB" – Reg. U.S. Pat. & Tm. Off