

HSA

SuperMed HSA



MEDICAL MUTUAL OF OHIO®

CAROLINA CARE PLAN | CONSUMERS LIFE



Discover HSA

Health Savings Account

Are you looking for an economical healthcare option—one that will decrease your business's expenses and give you the option of sharing your employees' healthcare costs? Many other employers like you have already found a way with Health Savings Accounts (HSAs). Medical Mutual of Ohio® and its Family of Companies helps employers implement this alternative to traditional insurance coverage by offering HSA-compatible health plans. When



combined with an HSA administered by a bank, our HSA-compatible health plans offer a powerful cost-saving solution that can create significant tax-saving opportunities for both you and your employees. Best of all, your employees gain greater control of their healthcare costs.

HSA-Compatible Health Plan

An HSA-compatible health plan is a qualified high-deductible health plan (QHDHP) that complies with Internal Revenue Service (IRS) guidelines, includes a comprehensive Major Medical prescription plan and has no copays. We offer a variety of HSA-compatible health plans.

HSA

A health savings account (HSA) is a tax-advantaged bank account owned by an individual who can use the funds to pay for current or future eligible healthcare expenses. To open an HSA with a bank, an individual must be enrolled in a QHDHP.

Advantages of HSAs

Health Savings Accounts offer a wealth of advantages for both you and your employees.



Employer Advantages:

- Healthcare costs per employee often decrease with a high-deductible health plan; however, coverage remains comprehensive.
- You can choose to contribute to your employees' health plan costs and to their HSAs.
- Your contributions offer two opportunities to save on taxes for your business:
 - Pre-tax payroll contributions save on payroll-related taxes.
 - After-tax contributions to employees' HSAs can be deducted dollar-for-dollar.
- HSAs create consumer awareness and give your employees the freedom to take control of their healthcare decisions, including their long-term needs.
- Preventive coverage, compliant with Federal Healthcare Reform guidelines, is included and may be expanded.

Employee Advantages:

- Lower premiums may make coverage more affordable for your employees.
- Preventive care benefit.
- Employees own their HSA and can keep it should they change jobs.
- Control over healthcare decisions empowers employees to take on more responsibility and realize the impact of their decisions.
- Costs become transparent to employees since they have to pay more of their own expenses, and they can see firsthand how their health plan can save them money.
- Balances roll over each year, unlike flexible spending accounts, and are even inheritable.
- HSA balances may be invested to boost long-term returns, similar to a 401(k).
- Employee contributions offer several opportunities for tax savings:
 - If payroll deduction is offered, employees can contribute to an HSA before taxes, much like with a 401(k), lowering their taxable income.
 - After-tax contributions to an HSA can be deducted dollar-for-dollar even if employees don't itemize on their taxes.
 - Interest accumulates tax-free on HSA balances.
 - Withdrawals used to pay for qualified healthcare expenses are tax-free.

Using an HSA **employees**

HSA Empower Employees

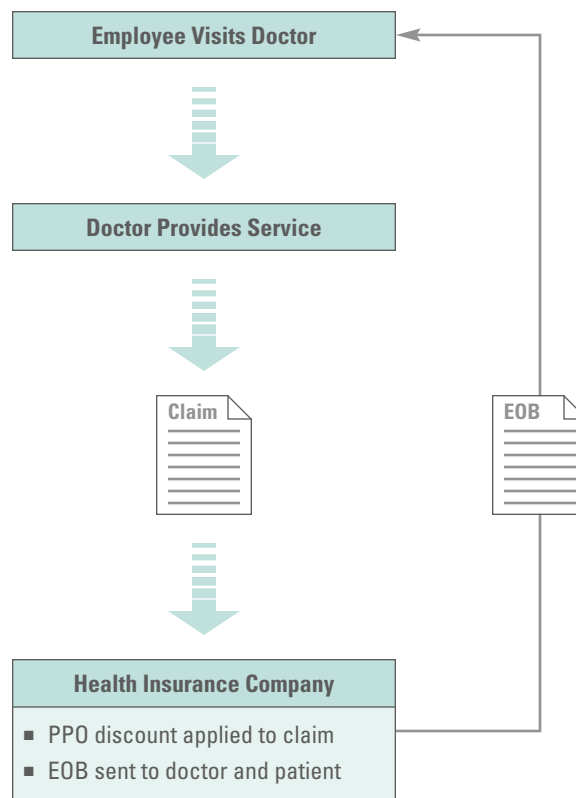
Offering an HSA-compatible plan allows employees to use the funds in their HSA to pay for qualified medical expenses. Best of all, unused funds roll over year to year, allowing employees to save for future healthcare costs. The most common expenses include health plan deductibles, coinsurance, prescription drugs, vision and dental care. A partial list can be found in the “Frequently Asked Questions Section” on page six of this brochure.

In fact, some employees may even opt to use their HSA as part of a retirement strategy to save for future healthcare costs. Since HSAs may be invested just like a 401(k) or an IRA using interest-bearing accounts, mutual funds, stocks or bonds, this strategy is an attractive option for some. Furthermore, the IRS allows individuals 55 and older to contribute an additional \$1,000 per year to their HSA as a catch-up provision making it even more attractive for this population. However, most banks advise employees to keep an amount equal to their deductible free from investment so it can be easily accessed for qualified medical expenses as they occur. Ultimately, the employee gets to make the decision.

How an HSA Works

An HSA works seamlessly with an HSA-compatible health plan, making it easy for your employees to use. After visiting a doctor or hospital, the provider will submit an employee’s claim to us. We will issue an EOB to the employee indicating the amount he or she is responsible for paying. The provider bills the employee for the amount indicated on the EOB. The employee can pay the claim using:

- an HSA debit card
- a bank check from the HSA bank
- Quicken Health Expense Tracker—which allows payment to providers online using a credit card or HSA debit card



Using an HSA **tools**



Online Tools

We offer free online tools to help employees make smart decisions regarding their health plan. These include:

- **My Health Plan**

This secure, confidential website contains personalized health coverage information. Members can find information about their plan, look for doctors or hospitals, use special online cost-savings tools, and access claims information, Explanation of Benefits (EOBs), deductible status and wellness features. Members can access *My Health Plan* through:

- MedMutual.com
- ConsumersLife.com
- CarolinaCarePlan.com

- **Quicken Health Expense TrackerSM**

This online tool available through *My Health Plan*, simplifies the management of medical expenses. It automatically downloads your medical claims, then tracks and organizes them in one place so members can:

- Easily understand their claims
- Track deductibles and out-of-pocket expenses
- Pay their doctor bills online using a credit card or HSA debit card
- Prepare for tax time

- **Provider Search Tool and Treatment Cost Estimator**

Our robust Provider Search tool allows members to search for doctors and medical facilities by name, specialty, gender and more. The tool is also integrated with our Treatment Cost Estimator to help members make cost-effective choices. Members can see approximately how much certain services will cost by choosing participating providers.

- **SuperWell[®] Health Resource Center**

The SuperWell Health Resource Center is a health and wellness section on *My Health Plan* that offers tools, support and information to help members research and learn about health topics. The Health Resource Center features: interactive tools and quizzes, a searchable health encyclopedia, a “clickable” symptom checker tool, Decision Points and Virtual Health Guides.

implementation

HSA Implementation: How Does My Company Get Started?

1. Select a QHDHP.

We offer comprehensive coverage through a variety of HSA-compatible plan designs, which offer deductible levels and out-of-pocket expenses within the required amounts as determined annually by the IRS.

2. Decide on the amount (if any) you will contribute toward your employees' QHDHPs and the per-paycheck employee cost for the QHDHP.

A lower cost per paycheck will encourage enrollment, especially if you offer a contribution to the HSA as well.

3. Decide if you will contribute toward your employees' HSAs, and if so, the contribution amount.

While you do not have to contribute funds toward your employees' HSAs, doing so may increase enrollment and also provide you with employer tax benefits.

4. Select a bank to administer your employees' HSAs.

We partner with a selection of banks, but we do not limit you to choosing from our partners. Be sure to carefully consider your options. The bank you choose determines:

- Account features, such as online options, debit card acceptance, number of ATMs, etc.
- Ease of enrollment, including whether employees must enroll online or using paper forms
- Investment options, such as interest-bearing accounts, mutual funds, stocks or bonds
- Fees and administrative costs, which may be incurred if using a bank other than one of our partners

5. Promote the HSA option to your employees.

Early communication is the key to success. Clearly communicate per-paycheck costs, employer HSA contribution amounts, the features of the bank you selected and the positive aspects of owning an HSA. We offer an employee flier (Z6220) to help with communication. Contact your broker or sales representative to request a supply of fliers for your employees. Please note: IRS rules state that the HSA can be used only for expenses incurred after the HSA is opened.

6. Coordinate HSA enrollment with your selected bank.

All employees who select the HSA-compatible plan may enroll in an HSA. Your selected bank will:

- Process all HSA enrollment materials, including initial deposits and completed account forms. These materials should **not** be sent to us.
- Send all employees who enroll in an HSA a welcome kit that includes a debit card, instructions on making deposits and customer service information.
- Issue statements to each account holder on a regular basis.
- Mail required IRS forms at year-end and report account activity to the IRS.

questions

Frequently Asked Questions

Who is eligible to open an HSA?

Anyone who has a QHDHP and is not enrolled in Medicare, not claimed as a dependent on another person's taxes and not covered by another health plan that is not a QHDHP is eligible to open an HSA.

Who is eligible to contribute to the HSA?

The employer, the employee or both may contribute to an HSA in any given year. Contributions must be made in cash. They cannot be in the form of stocks, bonds or other property. Contributions may be made through a section 125 cafeteria plan via pre-tax payroll deduction. Employees may also contribute after-tax by making deposits to their accounts. Contributions may be made up until April 15th of the year following the current year to be considered part of the current year.

What is a qualified medical expense?

Unfortunately, we cannot provide a definitive list of "qualified medical expenses," as defined by the Internal Revenue Code. Please consult *Internal Revenue Service Pub 502*, available at [IRS.gov](https://www.irs.gov) for more details. There are many nuances regarding what constitutes "medical care" under the Internal Revenue Code. A partial list includes:

- Health insurance plan deductibles and coinsurance
- Other medical care not covered by the HSA-compatible plan, such as prescription drugs and vision and dental care
- COBRA premiums and retiree premiums, including Medicare
- Prescription drugs
- Additional items and services: acupuncture, guide dog, crutches, thermometers, reading glasses, oxygen, wheel chair, wig, hearing-impaired television equipment, TTY and TDD telephone equipment

Items that aren't considered qualified medical expenses include, but are not limited to:

- breast pumps
- hair growth/removal products
- holistic remedies/medicines
- over-the-counter acne medicine
- over-the-counter medications without a prescription
- skin lotion
- suntan lotion
- toothpaste, teeth whitening products and mouthwash
- vitamins/minerals



For more information on HSAs, please visit:

- USTREAS.gov
- IRS.gov/IRB/2004-33_IRB/ar08.html

What are the key amounts determined by the IRS for 2011?

Contributions into an HSA must not exceed the maximum annual contribution level for the year. However, a one-time transfer of an HSA, Flexible Savings Account (FSA) or IRA rollover is allowed for each employee. Individuals age 55 to 64 can contribute an additional \$1,000 per year more than the annual maximum, according to the IRS catch-up provision.

Employers must select from HSA-compatible plans that fall within the minimum deductible and maximum out-of-pocket cost for individuals and families.

2011 Key Amounts

	Individual	Family
HDHP Minimum Deductibles	\$1,200	\$2,400
HDHP Out-of-Pocket Maximums	\$5,950	\$11,900
HSA Maximum Annual Contribution	\$3,050	\$6,150
HSA Maximum Annual Contribution (with IRS catch-up provision)	\$4,050*	\$7,150*

*** If an employee and spouse share an HSA account, they may contribute an additional \$1,000 combined as a catch-up provision. If they have separate accounts, each may contribute an additional \$1,000 into his or her account as a catch-up provision**

What happens to the HSA account if the owner loses his or her QHDHP coverage?

If an account owner loses QHDHP coverage, he or she may continue to use the funds for qualified medical expenses. However, he or she will no longer be eligible to contribute to the HSA. If coverage by a QHDHP lasts for less than a year, the annual maximum contribution is reduced. If the account owner made contributions based on a full year's coverage by the QHDHP, he or she will need to withdraw the appropriate amount to avoid tax on the excess contributions. If an account owner regains QHDHP coverage at a later date, he or she can resume contributions.



MEDICAL MUTUAL OF OHIO®

2060 East Ninth Street
Cleveland, OH 44115-1355

Visit CarolinaCarePlan.com.

Visit MedMutual.com.

Visit ConsumersLife.com.