## Orange High Deductible Health Plan (HDHP) with Health Savings Account (HSA)

**FAQ (Frequently Asked Questions):** *The following questions and answers will help you better understand Hope College's New High Deductible Health Plan (replacement of current Orange Plan) and Health Savings Account (HSA).*

# HDHP Basics

**Are the types of services covered under the HDHP plan different than the PPO Blue Plan?** No. Both plans cover the same medical, prescription, behavioral health, and other services. The primary difference is in the higher deductibles, out-of-pocket maximums, and up front prescription costs.

**Are pre-existing conditions covered?** Yes. Both medical plans (blue and orange) do not have any pre-existing condition limits.

**What if I enroll in the Orange HDHP plan this year and don't like it?** You can switch to another plan during the next Open Enrollment. Any unused contributions in your HSA will remain in the account to use for medical expenses, but cannot make any additional payroll contributions.

**If I enroll in the Orange HDHP PPO Plan with HSA, but plan to leave the college, can I continue the Orange HDHP PPO Plan with HSA after I have separated from the college?** Yes, you may retain enrollment in the plan for up to 18 months (or possibly longer) if you are eligible through COBRA continuation coverage. Obviously, the College will no longer make contributions to your HSA via pre-tax payroll deductions, but as long as you are enrolled in a HDHP, you are still allowed to put contributions into your HSA up to the IRS allowed maximum. Any contributions put in on an after-tax basis are eligible to be deducted from your gross taxable income on your tax return.

**My spouse has a flexible spending account (FSA) or Health Reimbursement Account (HRA) through her/his employer. Can I enroll in the Orange HDHP PPO with HSA?** You can enroll in the health plan but you cannot have an HSA if your spouse's FSA or HRA can pay for any of your medical expenses before your HDHP deductible is met. This will result in you not being eligible. Please note that unless your spouse's FSA agreement specifically states it does not cover you, you are not eligible to enroll in our HDHP plan if your spouse continues enrollment in his/her FSA. Your spouse could be enrolled in another non-HSA qualified health plan or HRA as long as you are not enrolled as well. In this case, if your spouse is enrolled but you are not, you are eligible to enroll in the HDHP and open an HSA

**What are the deductibles and out-of-pocket maximums for 2012?** For single coverage, the in-network deductible is $1,500 and the out-of-pocket maximum (excluding the deductible) is $2,500. When you have double or family coverage the in-network deductible is $3,000 and the out-of-pocket maximum (excluding the deductible) is $5,000. There are separate deductibles and maximums for out-of-network services (see plan summaries)

**How does the deductible work in this plan? I've read that it is different than the Blue PPO plan.** Yes, it is different in two ways.

1. The individual $1,500 deductible only applies to a Faculty/Staff member enrolled in single coverage. That means when you enroll double or family coverage, you have one $3,000 family deductible. That means any one person or a combination of people covered must have covered expenses reach $3,000 before the deductible is met and the plan begins to pay. Deductibles paid by any family members are totaled as one sum. No family member receives benefits until the $3,000 family deductible is met.
2. The deductible does not apply to preventive care; all preventive care services are covered at 100%. It does apply to all other non-preventive medical services covered by the plan.

**What services does the deductible apply to?** The deductible applies to all covered medical and prescription services except preventive care.

**When I pay the discounted cost of prescriptions before the deductible is met, do these costs apply to meeting the deductible?** Yes. Remember to use your BCBSM Health Insurance card to have the amounts automatically apply to your deductible and get the appropriate discounts. Check bcbsm.com to see if you have reached your deductible. Medical and prescription costs for covered services paid out-of-pocket apply to the deductible. Please use the BCBSM Reimbursement Form (on HR website) to receive reimbursement for prescriptions paid for out-of-pocket.

**Since prescription drugs are subject to the deductible, how can I find out what I will pay for my prescriptions before the deductible is met?** You can go to www.bcbsm.com and log in to access personalized member services to view your prescription history. The website also has a section that allows you to "Check Drug Cost." Your personal history will show what copay you had and what the total cost of the prescription was; the "Check Drug Cost" section allows you to get pricing on any prescription. You will pay the discounted cost of the prescription until the deductible is met. Costs you pay for prescriptions will apply to the deductible and then be applied to the $10/$40/$80 copay structure until the OOP Maximum is reached.

**What costs don't apply to the deductible?** Costs for services or charges not covered or excluded under the HDHP plan do not apply. These include "above Usual & Reasonable charges" by non-network providers. Costs for preventive care do not apply but are covered by the plan at 100%.

**Will I be required to pay a fee when I visit my physician's office?** Although there are no copays associated with this plan, show your BCBSM insurance card and explain that you have a HDHP. Most doctors will request that you wait and pay for their service after the bill is processed through insurance. It is best to pay after the insurance EOB (explanation of benefits) has been processed and you receive the correct bill from your provider. Always be sure to check provider bills carefully against your EOB so you receive BCBSM's negotiated rate, if applicable.

**If I enroll my spouse, do we each have our own or just one family deductible?** The IRS defines "family" coverage as any coverage that includes 2 or more people; for Hope College that is double or family coverage. A Faculty/Staff member and spouse together have one family deductible. The medical costs of both are combined under this one $3,000 deductible. For example, if the Faculty/Staff member has $2,000 in claims and the spouse has $1,000, the deductible is met. Neither spouse has benefits paid until the $3,000 is met either by one or both combined.

**After I have met the deductible, what is the coinsurance / copays in this plan?** Once the deductible is met, there is a 10% coinsurance for in-network medical services up to the OOP Maximum of $2500/$5000. Once OOP maximums are reached coverage is 100%. The out-of-network coinsurance is 30% to OOP Maximum of $3000/$6000. Until the deductible is met, you are also responsible for the total cost of prescription drugs which will count toward your deductible. Copays of $10/$40/$80 apply for any prescription after the deductible is satisfied (up to OOP Maximum). After OOP maximums are met plan pays 100%.

**Which physicians and hospitals can I use? What pharmacies?** The plan uses BCBSM Community Blue PPO (This is the same medical provider network that the Blue PPO Plan uses.) You can still receive benefits if you use out-of-network providers, but you will have higher out-of-pocket costs. See www.bcbsm.com to search for participating PPO providers. Most pharmacies are in-network; for example, Walgreens, Rite-Aid, Wal-Mart, Target, K-Mart, Family Fare, Meijer, Dykstra's, Skip's, Paul's, Model Drug.

# Health Savings Account Basics

**What is a Health Savings Account (HSA)?** The medical savings component of this plan is a federally qualified Health Savings Account (HSA). An HSA is a bank account regulated by the IRS. The IRS requires that an HSA must be combined with HDHP medical coverage. Federal regulations also designate maximum annual contribution limits. Contributions and interest/investment earnings can be used tax-free to pay for IRS-qualified medical expenses.

**What amount does the college contribute to my Health Savings Account?** Hope College does not contribute to employee's HSAs but encourage individuals enrolled in the HDHP to payroll deduct the premium savings between the Blue and Orange Plans, at the minimum. Faculty/Staff members can voluntarily contribute up to the annual maximums: $3,100 when enrolled in single coverage and $6,250 when one or more family members are included. Catch-up contributions of $1,000 annually are also an option for those who are age 55 and older.

**Who will determine whether something is a "qualified medical expense"?** The IRS will make this determination based on disbursements reported on your annual tax return. You do not submit records with your IRS return, but it is your responsibility to maintain records for all of your expenses in the event the IRS requests them. Specifically, the IRS requires that you must be able to show that:

1. The distributions were exclusively to pay or reimburse qualified medical expenses,
2. The qualified medical expenses had not been previously paid or reimbursed from another source, and
3. The medical expenses had not been taken as an itemized deduction in any year.

**What are qualified medical expenses?** After you open an HSA, you can use funds to pay for covered expenses that apply toward the Orange HDHP PPO annual deductible. You can also pay for qualified medical expenses that your health plan might not cover, such as vision care (eyeglasses and contact lenses), dental and orthodontic services. Qualified medical expenses also include long-term care premiums, Medicare premiums, Medicare copays, and COBRA premiums. (Medicare supplement or Medigap premiums are not qualified expenses.) *Detailed information about qualified medical expenses can be found in Section 213(d) of the Internal Revenue Code and IRS Publication 502.*

**What are the tax benefits of the Health Savings Account?** Contributions are pre-tax; interest is earned tax-free; and distributions can be used tax-free to pay for qualified medical expenses.

**What is the maximum amount I can have in my HSA?** There is no lifetime limit as to the amount you can have deposited in your HSA. Each year there is a maximum amount that can be deposited in the account depending on your level of coverage (single, double or family).

**What if I don't use all my contributions before I leave Hope College?** The money is in your personal bank account; when leaving the college, you take the money with you, and use the money tax-free for medical expenses, pay taxes and IRS penalties for other expenses (If you are over age 65, you pay taxes but have no penalty).

**Can the unused funds in my account be rolled over each year?** Yes, all unused funds carry over from year to year. They stay in the account indefinitely until they are used.

**What happens to my account funds if I leave my job or switch to a non-HDHP plan?** When your HDHP coverage ends, you are no longer eligible to make contributions. However, you may keep your HSA and continue to pay for qualified expenses. Once you are eligible again, i.e., enrolled in a HDHP, you may make additional contributions.

**What is the process for setting up an HSA?** If you choose to enroll in the Orange HDHP PPO with HSA plan, enrollment in the HSA with PNC Bank should be done after completing Open Enrollment in the HDHP Health Plan or your New Hire enrollment. If you are unable to enroll online, contact the Human Resources department. PNC Bank will send you a debit card and information regarding your account once the HSA has been opened. To learn more you may go to www.smart-hsa.com/pnc . You may subsequently transfer your HSA from PNC Bank to another qualified HSA trustee or custodian.

**Does the money in my account earn interest?** Money kept in an FDIC-insured cash account earns interest.

*Information contained in this document is accurate to best of our knowledge and counsel as of March 2012. Federal regulations regarding Health Savings Accounts may change. HSA plans are governed by IRS regulations; therefore, you will want to consult official IRS documents as well as your tax advisor for details. Specific questions and concerns regarding your individual situation should be directed to your tax advisor.*

**What are the fees?** PNC Bank has agreed to waive the account minimum balance requirement and all monthly maintenance fees for Hope College Faculty and Staff. PNC has also agreed to provide access to full online banking services including online bill payment with no fees. Checks are also available (not required) per PNC's fees.

**What are the survivor benefits associated with my Health Savings Account?** Your HSA will pass to your surviving spouse or named beneficiary. If your spouse is the recipient, no taxes will be assessed if the funds are used for qualified medical expenses. If someone other than a spouse is the beneficiary, that person will have to pay applicable taxes reduced by distributions for qualified medical expenses you incurred prior to your death which are made within one year after your death. If you are unmarried and do not have a named beneficiary, the money is disbursed according to the terms of the HSA trust or custodial agreement.

## Eligibility

**Who is eligible for the Health Savings Account (HSA)?** To be eligible for an HSA, you:

- Must be a U.S. citizen or resident alien age 18 or older with a U.S. address (not a PO Box)
- Must have a valid Social Security Number
- Must not have any other health coverage, as an employee or dependent, other than a HDHP except for certain IRS-allowed insurance, e.g., dental, vision, accident/disability, Long-term care, per diem hospitalization, or specific disease coverage.
- Must not be enrolled in Medicare Part A, B, C or D (those eligible but not enrolled still qualify)
- Must not be receiving any Social Security Benefits (doing so entitles you to Medicare Part A)
- Must not be claimed as a dependent on anyone else's tax return

**Can I enroll in the HSA if I have other insurance that pays medical expenses?** You cannot have other plans that cover your HDHP deductible and be eligible for Health Savings Account contributions. However, you may have automobile, dental, vision, disability and long-term care insurance at the same time as an HDHP, and coverage for a specific disease (e.g., a cancer policy) or illness, as long as it pays a specific dollar amount when the policy is triggered. You cannot use any HRA (health reimbursement account) to pay expenses that apply to the HDHP deductible.

**If both spouses are enrolled in the ORANGE HDHP PPO with HSA, but one spouse has other coverage, are both spouses eligible for an HSA? How much can each spouse contribute?** The following examples describe how much can be contributed under varying circumstances. Assume that neither spouse qualifies for "catch-up contributions." Please note that when a spouse has an HDHP plan with another employer, the college will not be able to assist in limiting contributions to statutory maximums. If a spouse exceeds statutory maximums, he or she is responsible for taking corrective actions and responsible for any tax consequences.

*Example 1:* Husband and wife are enrolled in the ORANGE HDHP PPO with HSA with a $3,000 deductible. Husband has no other coverage. Wife also has single coverage with her employer which has a $400 deductible. Wife, who has the coverage that does not qualify as an HDHP, is not eligible to contribute to an HSA. Husband may contribute $6,250 to his HSA.

*Example 2:* Husband and wife are enrolled in the ORANGE HDHP PPO & with HSA with a $3,000 deductible. Husband has no other coverage. Wife also has single HDHP coverage with another employer with a $2,000 deductible. Both husband and wife are eligible individuals. Husband and wife are treated as having only family coverage. The combined HSA contribution by husband and wife cannot exceed $6,250, to be divided between them by agreement.

*Example 3:* Husband and wife are enrolled in the ORANGE HDHP PPO with HSA (double coverage) with a $3,000 deductible. Husband has no other coverage. Wife also has family HDHP coverage with a $3,000 deductible. Both husband and wife are eligible individuals. The maximum combined HSA contribution by husband and wife is $6,250, to be divided between them by agreement.

*Example 4:* Husband and wife are enrolled in the ORANGE HDHP PPO with HSA with a $3,000 deductible. Husband has no other coverage. Wife also has family coverage with a $800 deductible. Husband is treated as having a family HDHP and can contribute up to $6,250. Wife is not an eligible individual and cannot contribute to an HSA.

# Health Savings Account Contributions

**How do I contribute to my HSA?** Hope College will make contributions per payroll (like direct deposits). You can contribute to your HSA through payroll deductions or by directly depositing funds at a PNC location. When you enroll in the Orange HDHP PPO with HSA you will have the opportunity to designate the amount you wish to contribute up to the IRS maximum. When you leave the college, contact a tax advisor to learn if and how you can continue to contribute.

**What is the maximum contribution I can make to my Health Savings account?** The amount you can contribute to an HSA is set by federal regulations and is adjusted annually for inflation. For the 2012 tax year, the maximum annual contribution amount is $3,100 if you have single coverage; and $6,250 if you have double or family coverage. If a husband and wife both have an HSA, their individual contributions are combined. If you're 55 or older, you can also make an additional $1,000 "catch-up" contribution. In 2012, you can also contribute up to the maximum amount, even if you enroll in the HSA mid-year, as long as you maintain your HDHP eligibility until the end of the following calendar year. If you disenroll at open enrollment or terminate mid-year and do not continue HDHP coverage, either through the COBRA or another HDHP plan, your IRS maximum annual contribution will be prorated for the number of months you were covered under the HDHP. Details on the calculation of the IRS prorated maximum can be found in IRS publication 969. If your contributions have exceeded the IRS prorated maximum, you must work with the PNC Bank Member services to resolve the excess contribution issue. You should be aware of the reporting requirements for excess contributions as detailed in the instructions for IRS Form 8889. Please contact your tax advisor if you have additional questions.

**Do I have to continue to fund my account each year?** Each year you are enrolled in the Orange HDHP PPO with HSA, you have the option to determine what, if any, amount you wish to contribute. You may also change this election throughout the benefit year (similar to your 403b voluntary contribution elections). You are not required to continue participation in the Orange HDHP PPO with HSA each year. You may change to any other plan offered by the college. When you are not enrolled in the Orange HDHP PPO with HSA (or another HDHP) you cannot contribute to your HSA, but you can use existing funds for medical expenses.

**What happens during the year if coverage changes from single to family or vice versa based on a qualified family status change?** You will be able to continue contributing to the HSA; however, the maximum amount you are permitted to contribute will generally be the amount that results when you prorate appropriately for the number of months you were enrolled in each coverage level. However, if greater, the maximum annual HSA contribution will be based on your HDHP coverage on December 1 of that year, provided you are enrolled through December 31 of the following year.

**What happens if I contribute more than the maximum, e.g., if my spouse and I both have HSAs?** The IRS imposes a penalty on excess contributions. Additionally, you'll be required to pay tax on the interest earned on those excess funds. You're responsible for tracking your contributions to ensure you don't exceed the maximum allowable contribution. However, you can withdraw excess contributions before the tax filing deadline to avoid the penalties. Please contact PNC Bank Member Services if you need to report an excess amount. You should also consult your tax advisor if you have additional questions.

**What happens if I don't withdraw my excess contributions prior to April 15th of the following year?** You must pay an excise tax on any excess contribution and on any earnings of the excess contribution. If in the next year you decreased your maximum contribution by the amount of your excess contribution made the year before, you do not have to pay the excise tax again. However, for as long as you leave the excess contribution in, you will need to pay an annual excise tax on this amount and its earnings.

**What are catch-up contributions?** Catch-up contributions are available for a calendar year to participants age 55 or older by December 31 of that year. If you are covered by the Orange HDHP PPO with HSA for the entire year, you can make an additional $1,000 contribution for that year. If you enroll in Medicare, you will no longer be eligible to contribute to your HSA, you must prorate your maximum contribution for the number of months you are enrolled in the Orange HDHP PPO with HSA before you enrolled in Medicare.

## Using Your Health Savings Account

**When can I use my HSA funds?** You can use your funds as soon as they are deposited in the account. Remember this is different from the Medical FSA that you may have participated in, in the past, where the entire pledge is available on July 1. HSA funds only become available for use after they are deposited.

**Can I use my account funds for services I received before I enrolled in the Orange HDHP PPO with HSA?** No. You can only use your savings for expenses incurred after your HSA is established with PNC Bank.

**How will the HSA funds be paid out?** Once contributions are made to your account, you can use your PNC Bank debit card to get instant access to your HSA dollars and pay for eligible out-of-pocket health expenses. If you choose, you can request your first set of standard checks for a fee (currently $11) and use them to access the funds in your HSA or you can use the free online banking available from PNC Bank. Remember, it is your responsibility to spend the funds on qualified expenses (as spelled out in IRS Publication 502) and keep records to demonstrate that any funds you used were indeed spent on qualified expenses.

**Is there a minimum amount I must take from my HSA?** No.

**Can I use my HSA to pay for medical services provided in other countries?** Yes. You are responsible to verify that the expense is considered a qualified medical expense under Section 213(d) of the Internal Revenue Code and IRS Publication 502.

**Can you give me an example of how the deductible works and how I can use my Health Savings?** Please refer to the H S A 101/201 presentation as shared on the Human Resources website.

## Health Savings Account Recordkeeping

**Who will keep track of when I have hit the deductible?** BCBSM tracks your deductible. Once you meet the deductible ($1,500 for single coverage and $3,000 for double or family coverage) the plan will pay 90% of your in-network covered expenses. BCBSM will continue to track your 10% coinsurance you pay and apply toward your Out-of-Pocket Maximum for the benefit year. You can see what has been applied by going to www.bcbsm.com and clicking on the member services link. You can also monitor your deductible and OOP by looking at your Explanation of Benefits (EOB) statements sent by BCBSM after every medical transaction. This statement will list the cumulative charges applied toward your annual deductible and Out-of-Pocket maximums.

**What if my medical expenses are more than my HSA balance?** You will have to pay the difference between your expenses and your HSA out-of-pocket and then reimburse yourself for the additional amount later in the year when you have contributed more to the HSA. You can also establish a payment plan with many providers with little or no interest if you inquire.

**What are my options if I withdraw my money from my HSA in error?** You can return the money to the account if there is clear and convincing evidence the withdrawal was a mistake. This money must be repaid by April 15th of the year following the error.

**Do I need to file claims with an HSA?** No. You pay qualified expenses using your HSA debit card, HSA check or online HSA banking. If you use another form of payment (e.g., cash or a personal check), then you can reimburse yourself by getting money from an ATM or writing yourself a check. If requested by the IRS, you must be able to show that the withdrawals were exclusively for medical expenses.

**How can I keep track of my HSA account balance?** You can track your HSA account activity online at PNC's secure website anytime day or night. Information on how set-up your online access to this site can be found on our Human Resources website.

**Do I have to keep receipts showing what I withdrew from my account?** Yes, you should keep your receipts, explanation of benefits or any other documents that prove you spent the funds on qualified expenses. If you are audited by the IRS, you will need to justify your expenditures.

**Will PNC Bank ask me to substantiate that withdrawals are for qualified expenses?** No. PNC will send you and the IRS a 1099-SA form at the end of the tax year to report contributions and withdrawals. You will file form 8889 with your 1040 federal tax filing. If the IRS requests substantiation, you must provide it or pay taxes and penalties on unsubstantiated withdrawals. Specifically the IRS requires that you must be able to show that:

1. The distributions were exclusively to pay or reimburse qualified medical expenses,
2. The qualified medical expenses had not been previously paid or reimbursed from another source, and
3. The medical expenses had not been taken as an itemized deduction in any year.

## Tax Implications

**Can I use my HSA to pay for non-health related expenses?** A Health Savings Account is designed to provide a tax advantaged account for qualified health expenses that results in you never paying taxes on the money deposited and the interest it earns as long as you use it on qualified expenses. If you use the money for anything other than qualified expenses, IRS regulations stipulate that these withdrawals will be subject to income tax and an additional 20 percent tax penalty will apply. That could cost you more than 50% of your contributions!

**Do I need to itemize on my tax return?** No, you will not need to itemize on your return.

**What does the IRS require me to report on my taxes?** The IRS requires that you complete and submit the Form 8889 with your tax return. On this form you will report all your contributions made by payroll deduction. In addition, you will report your qualified distributions. Please contact your tax advisor to discuss your specific situation.

**Can I use the money in my HSA to pay for medical care for a family member?** Yes, you may withdraw funds to pay for the qualified medical expenses of you, your spouse or a dependent without tax penalty regardless of whether they are enrolled in the Orange HDHP PPO with HSA. You cannot use the funds on a household member who is not your legal dependent. While you may cover your dependent children under age 27 under the Orange HDHP PPO on a tax-free basis, that same definition of dependent child does not extend to HSA distributions. As a result, you cannot be reimbursed under the HSA for the qualified medical expenses of your dependent unless he or she is considered to be your "qualifying child" or "qualifying relative." A qualifying child is a child or other relative who is younger than you, lives with you (disregarding certain temporary absences such as while attending school), who does not provide more than half of his or her own financial support and who meets certain other requirements. Such an individual will be your qualifying child until the end of the calendar year in which the individual turns age 18 or age 23 (if a full-time student). However, this age requirement is waived for a qualifying child who is totally disabled. A qualifying relative is your child, other relative, or member of your household for whom you provide over half the individual's financial support and where the individual is not the qualifying child of you or any other individual. So, for example, if you have a son or daughter who is age 25, he or she may be too old to be your qualifying child but may be considered your qualifying relative where you provide over half the child's financial support. If you take a distribution from your HSA for the qualified medical expenses of a dependent who is not your qualifying child or qualifying relative, the distribution will be subject to income tax and a 20% penalty tax.

**What happens if I cancel my high deductible health plan (HDHP)?** When your HDHP coverage ends, you are no longer eligible to make HSA contributions. However, the money in your HSA is yours until you spend it. As a result, you may keep your account with PNC Bank and continue to use your HSA funds. Once you are again enrolled in a qualified HDHP, you can make additional contributions. Please remember that you are responsible for tracking your personal contribution limit (including coordination of contributions should your spouse also contribute to an HSA). Contact your tax advisor if you have additional questions about your specific situation.

**Can I borrow against the money in my HSA?** No. You may not borrow against it or pledge the funds in it. For more information on prohibited activities, see Section 4975 of the Internal Revenue Code.

**I have an HSA but no longer have HDHP coverage. Can I still use the money that is already in the HSA for medical expenses tax-free?** Once funds are deposited into the HSA, the account can be used to pay for qualified medical expenses incurred after the account was opened. These expenditures are tax free, even if you no longer have HDHP coverage. The funds in your account roll over automatically each year and remain indefinitely until used. There is no time limit on using the funds except that you cannot use the funds for expenses incurred *before* the HSA was opened.

**How and when can I rollover funds to my HSA?** You have an option to irrevocably elect to make a once per lifetime rollover of all or part of an IRA (403(b) rollovers are NOT ALLOWED) up to the annual maximum contribution. If you do roll over an IRA, the amount of the rollover will be considered as part of your maximum annual contribution. Check with PNC Bank HSA Customer Service Call Center for additional information on rolling over an IRA to your HSA. You can also rollover funds from another HSA to PNC Bank if you already have an account. Check with your tax advisor for additional details.

**What is Form 1099-SA?** This form is used to report all withdrawals from the HSA to the Internal Revenue Service (IRS). PNC Bank files electronically and sends you a statement copy for your records.

**What is Form 5498-SA?** This form is used to report all contributions to the HSA in a given tax year to the Internal Revenue Service (IRS). PNC Bank files electronically and sends you a statement copy for your records.

**What happens to the money in the Health Savings Account after I turn age 65?** You can continue to use your account tax-free for qualified out-of-pocket health expenses. When you enroll in Medicare, you can use your account to pay Medicare premiums, deductibles, copays, and coinsurance under any part of Medicare. If you have retiree health benefits through your former employer, you can also use your account to pay for your share of retiree medical insurance premiums. One expense you cannot use your account for is to purchase a Medicare supplemental insurance or "Medigap" policy. Once you turn age 65 you can also use your account to pay for things other than medical expenses. If used for other expenses, the amount withdrawn will be taxable as income but will not be subject to any other penalties. Individuals under age 65 who use their accounts for non-medical expenses must pay income tax and generally, a 20% penalty on the amount withdrawn (there are exceptions for distributions due to death or disability).

**Is there a time restriction on when I may use the funds in the account?** No, you may reimburse yourself for an expense with future contributions or past contributions and there is no time limit on this. The only restriction is that the service must have occurred after the HSA account was opened (and you were enrolled in the HDHP plan). Additional information about HDHPs and HSAs are available from the following:

- IRS Web page www.irs.gov
- IRS Publication 969 describes both HDHP and HSA requirements http://www.irs.gov/publications/p969/index.html (you may need to copy and paste link)
- IRS Publication 502 describes qualified medical expenses http://www.irs.gov/publications/p502/index.html