Excellus
How to make an HSA/FSA work for you.
Agenda

• What is an HSA/FSA?

• How Do They Work?

• How Can You Maximize Your Dollars?
WHAT IS AN HSA?
What is an HSA?

- A tax-advantaged savings account that you use to pay for qualified medical expenses not covered by the HDHP, including deductibles, co-pays, prescriptions, vision and dental care.
- Paired with a qualified HSA-compatible health plan with a savings account for eligible individuals to help pay for qualified medical expenses
- Unused funds that will roll over year to year. There’s no “use or lose it” penalty.
- Potential to build more savings through investing. You can choose from a variety of HSA self-directed investment options.
- Additional retirement savings. After age 65, funds can be withdrawn for any purpose without penalty.
How Do They Work Together For You?

HSA

PAYS for qualified medical expenses before your annual deductible is met

PAYS for qualified medical expenses not covered by your health plan throughout the year

HDHP

COVERS certain preventive services before and after your deductible is met at no cost to you

COVERS illness or injury after your annual deductible is met

Excellus
Who is Eligible for an HSA?

- Any individual, American taxpayer who is covered by an QHDHP is qualified for an HSA if they are:
  - Not covered by any other non HSA-compatible health plan
  - Not claimed as a dependent on another person’s tax return (excluding spouses per Internal Revenue Code)
  - Not enrolled in Medicare
  - Do not receive health benefits under TRICARE
  - Have not received Veterans Administration (VA) benefits within the past three months.
  - Not covered by a general purpose health care flexible spending account (FSA) or health reimbursement account (HRA).
- Alternative plan designs, such as a limited-purpose FSA or post-deductible HRA, might be permitted.
Advantages of an HSA

• **Funds roll over from year to year**  
  ▪ No “use it or lose it” philosophy.

• **Tax benefits on contributions, earnings and distributions**  
  ▪ Contributions are either pre-tax (via paycheck) or tax-deductible.

• **Portability**  
  ▪ Funds follow you if you leave your employer or change health insurance.  
  ▪ Tax-free withdrawals for Qualified Medical Expenses even if qualifying coverage ends.

• **Long-term investment opportunities**  
  ▪ Not FDIC insured

• **Control over healthcare dollars**
HOW DOES AN HSA WORK?
More savings. More choices.

- Enroll in the qualified high deductible health plan.
- Enrollment is sent to HSA Bank by your employer
- You make contributions to the HSA
- Receive healthcare services
- Pay your out of pocket costs associated with your health plan (deductible and coinsurance)
- Decide whether to take money out of your HSA account to reimburse yourself for “qualified” expenses
- The money in your HSA account that you do not use stays with you and is available to use for future costs
## 2014/2015 HSA Contribution Limits

<table>
<thead>
<tr>
<th>Health Savings Account</th>
<th>Maximum Contribution</th>
<th>Single</th>
<th>Family</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>$3,300</td>
<td>$6,550</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>$3,350</td>
<td>$6,650</td>
</tr>
<tr>
<td></td>
<td>Catch-up Contribution</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(For accountholders age 55+)</td>
<td>$1,000</td>
<td>$1,000</td>
</tr>
</tbody>
</table>
Eligible Medical Expenses Examples

- Acupuncture
- Ambulance services
- Chiropractor
- Dental treatments
- Doctor’s fees
- Hearing aids
- Laboratory fees
- Prescription drugs
- Psychologist
- Surgery
- Vaccines
- Vision care
- Wheelchairs
- X-Rays

How to Use an HSA: Additional Distribution Methods

• **Visa® Debit Card**
  – **Signature based transactions are free**
    Choose credit and sign to authorize transaction.
  – **PIN based transactions $2**
    Choose debit and enter PIN

• **Online Transfers (through Internet Banking)**
  ▪ Establish and verify external bank account
  ▪ One-time or recurring transfers (both incoming and outgoing transfer options)
  ▪ $500 daily transfer limit out of the HSA

• **Checks**
  ▪ $7.95 for 50 duplicate checks
  ▪ Order through Internet Banking

• **Manual Withdrawals ($10)**
  ▪ Complete and mail form to HSA Bank
Internet Banking – www.hsabank.com
Internet Banking

- 24/7/365 online access
- View Real-time Account Balances
- Make a Contribution or Withdrawal
- View Transaction History and Statements
- Receive Year-to-Date Account Information
- Transfer Funds to or from a Linked Investment Account
- Sign up for Email Confirmations
- View Check Images
- Access Electronic Statements and Tax Documents
- Download your account activity to MS Money or Quicken
Customer Identification Program (CIP)

Banks are required by law to have a Customer Identification Program to prevent money laundering and potential financing of terrorist operations. For this reason, we have to verify the identity of all accountholders by collecting the following information:

- First Name
- Last Name
- Residential Address
- Date Of Birth
- Social Security Number
- Home or Business Phone

This information will be run through a national database for evaluation. If the evaluation fails, the accountholder will receive a rating which may result in closure if not resolved within 60 days.

Two valid forms of identification must be submitted within 60 days of notification:

- Current Valid Driver’s License or State Non-Driver Identification Card – U.S. Only
- Current Valid Passport
- Current Valid Passport Card – U.S. Only
- Resident Alien Card
- Permanent Resident Card
- Alien Registration Receipt Card
- Green Card/Temporary Residence Card or Non-Resident Alien Card
- Employment Authorization Card Form I-766
- Immigrant or Non-Immigrant Visa
- US Military ID
Watch The Mail

- Employees will receive the following items after they enroll in the HSA account:
  - Up to 2 free Debit Cards
    - One card initially
    - 2nd card is ordered when adding Authorized Signer to the account
  - Welcome Kit
Accountholder Reporting

- **Account statements**
  - Periodic account inserts with valuable legislative information, account features, and more

- **IRS reporting**
  - Year-end status report
  - 1099-SA (distributions)
  - 5498-SA (contributions)

- **Online Account Access through Internet Banking**
  - Account balance and transaction history (Up to 18 mo. for convenient tax reporting)
  - View cancelled checks
  - Year-to-date information (Including a breakdown of contributions by source.)
  - Ability to download transaction history to Quicken or Money
  - Email confirmation of account opening and ongoing activity
  - Online address changes
  - Access to Online Contributions
MAXIMIZE YOUR HSA DOLLARS
Healthcare Costs in Retirement

• In retirement, accountholders can still use their HSA for healthcare costs.

• Or, accountholders can withdraw money in retirement to repay themselves for healthcare costs incurred earlier when they were contributing to the HSA.

• There's never any tax on that money, if used for healthcare.
Potential to Grow Your HSA Assets

- HSA Bank offers you two self-directed investment* options:
  - The TD Ameritrade Brokerage option offers a wide array of services for self-directing investing which includes: stocks, bonds and thousands of mutual funds.
  - The DEVENIR Mutual Fund Selection is a pre-selected group of no-load mutual funds covering a range of fund families and asset classes. Accessed from Internet Banking.

*Investment products are not FDIC insured, are not a deposit or other obligation of or guaranteed by the bank, and are subject to investment risks including possible loss of principal amount invested.
Questions?
Flexible Spending Account
Agenda

- What are FSAs?
- How do they work?
- EBS-RMSCO Web Functionality
Flexible Spending Accounts (FSA)

- A great way for employees to save money on their health care and dependent care expenses
**FSAs – What are they?**

- A Flexible Spending Account is an employee benefit plan established under IRS Section 125 to pay for certain qualified expenses on a pre-tax basis.

- There are two types of FSA accounts:
  - **Health (commonly known as MEDFSA)**
    - Limited FSA
  - **Dependent Care**
FSAs – Health (MEDFSA)

Can be used for expenses typically not covered by a medical, vision, and dental Plans, such as co-payments for doctor’s office visits, dental, optical care, prescription drugs, health and dental deductibles, etc. (eligible expenses listed in Internal Revenue Service Publication 502).

- Eligible Items List – on the EBS-RMSCO participant website
- Maximum capped in 2014 at $2,500 – Healthcare Reform
- Your limited health care FSA funds are available only for certain expenses.
FSAs – Health (MEDFSA)

- Samples of eligible expenses
  - Copays – medical, dental, vision, prescriptions, ER, Urgent Care visits.
  - Dental Expenses - routine cleaning, crowns, braces...
  - Vision Expenses – vision exam, prescription glasses, contact lenses...
  - Medical Expenses – doctors visits, copays, deductibles...

- Samples of ineligible items
  - Cosmetic – teeth whitening, plastic surgery, non prescription glasses...

- Samples of eligible items with a prescription
  - Over the counter medicine: advils, tylenol, ibuprofen, aspirins, cough medicine, cold medicine...
FSAs – Dependent Care

- For expenses for the care of dependents allowing an employee (or an employee and his/her spouse) to work or to attend school full-time. (Eligible expenses listed in Internal Revenue Service Publication 503).
  - Children under age 13
  - Children who are physically or mentally impaired
  - Maxed at $5,000/year - IRS
FSAs – How do they work?

- Employee decides how much money to contribute into his/her FSA each year
- For tax purposes, the employee’s gross pay is reduced by the amount of his FSA contribution
- Employee’s FSA contributions are deducted through equal payroll deductions, pre-tax- exempt from Federal, State & Payroll Taxes!
- Account balances for each participating employee are maintained by EBS-RMSCO, Inc.
- Reimbursements are done automatically weekly – Thursdays (checks are mailed) and Fridays (direct deposits)
FSAs – Why use them?

- Employees
  - Save federal, state, and Social Security (FICA) taxes on FSA contributions, as they are made pre-tax
  - Convenient way to budget for unreimbursed health care and dependent care expenses
  - *Reimbursements are done automatically weekly – Thursdays (checks are mailed) and Fridays (direct deposits)*
Sign up now for a pay increase!

Here's an example of how a typical employee's take-home pay will increase as a result of participating in an FSA.

An employee makes $2,000 each month and decides to participate in her employer's FSA Plan. She pays her insurance premiums and health and daycare expenses through the FSA with tax-free dollars. And, she is able to save $100 each month!

```
<table>
<thead>
<tr>
<th>Salary</th>
<th>$ 2,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>FICA, federal, state taxes</td>
<td>$ -500</td>
</tr>
<tr>
<td>Insurance premium</td>
<td>$ -100</td>
</tr>
<tr>
<td>Health &amp; daycare expenses</td>
<td>$ -300</td>
</tr>
<tr>
<td><strong>Net Pay Without A Plan</strong></td>
<td>$ 1,100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Salary</th>
<th>$ 2,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance premium*</td>
<td>$ -100</td>
</tr>
<tr>
<td>Health &amp; daycare expenses*</td>
<td>$ -300</td>
</tr>
<tr>
<td>Adjusted earnings</td>
<td>$ 1,600</td>
</tr>
<tr>
<td>FICA, federal, state taxes</td>
<td>$ -400</td>
</tr>
<tr>
<td><strong>Net Pay With A Plan</strong></td>
<td>$ 1,200</td>
</tr>
</tbody>
</table>
```
EBS-RMSCO Web Functionality

EBS-RMSCO FSA Web Services

https://ebrparticipant.lh1ondemand.com/

- Inquiry
- Employee Enrollment
- Employer Enrollment
- Claims Submission
- Forms and Information
- Submit Claims
- Inquire on FSA Account
- Download FSA Forms (Claim, Direct Deposit, Information)
EBS-RMSCO Customer Service - New!

- Balance Inquiry
- Claims Questions
- Eligible Expense Questions
- Forms and Information
- Telephone Number
  - 1-800-327-7130
  - Monday - Friday 8AM to 5PM EST
  - Reps located at EBS-RMSCO’s Fairport Office
Questions?