



# My HSA handbook 2017–2018

How to get more from your health  
savings account

**Humana.**

GN14609HH 0917

# Health savings account

## All about using your health savings account (HSA)

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Look for this green box throughout your handbook for tips or more information on a key topic.

Rules, dates and amounts in this guide are valid as of September 2017, unless otherwise noted, and are subject to change.

# A quick overview of HSAs

## Using your HSA handbook

Thank you for choosing an HSA and high-deductible health plan—an alternative to a traditional health plan that gives you a tax-free way to take care of healthcare expenses now and plan for expenses in the future.

We hope you'll browse through this handbook now and keep it handy during the plan year in case you have any questions.

## HSA and high-deductible health plan basics

Why use an HSA for healthcare expenses? Your HSA contributions don't count toward your taxable income for federal taxes.

In most states, they don't count toward your taxable income for state taxes, either.

The advantages go beyond tax savings. This handbook describes some other reasons why you made a smart choice:

- **You're in control.** You decide how much to put in your HSA and what you use it for.
- **The money always belongs to you.** Any money you put into the HSA belongs to you, even if you leave the company. Since unused funds carry over from year to year, you never have to worry about losing your money.
- **You can save for now and the future.** You can use your tax-free money to cover some or all of your healthcare costs during the year. If you don't use a lot of healthcare services now, your HSA funds will be there if you need them in the future—even after retirement.
- **You can have an investment opportunity.** With Humana's HSA, your account can grow in an interest-bearing savings account at UMB. You probably read about HSA and high-deductible health plan rules during enrollment, but here's a quick recap:

You must be covered under a high-deductible health plan to contribute to your HSA. According to the IRS, an HSA-compatible high-deductible health plan has certain features:

- The minimum deductible and maximum out-of-pocket expense amounts are set by the IRS and are subject to change every year. The 2018 minimum deductible is

\$1,350 for single coverage and \$2,700 for family coverage. The maximum out-of-pocket expense amounts are \$6,650 for single coverage and \$13,300 for family coverage.

### **UMB Bank is your HSA custodian**

Throughout this handbook, you'll see references to "UMB Bank," the custodian for your HSA deposit account. An HSA custodian is a financial institution that meets IRS requirements to hold HSA funds. If you're eligible to invest your HSA funds and you choose to do so, you'll go through UMB Financial Services.

UMB Financial Corporation (NASDAQ: UMBF) is a multibank holding company headquartered in Kansas City, Mo. UMB has a 104-year history, and it was one of the first banks in the country to offer medical savings accounts (MSAs)—which came before HSAs. So you benefit from having Humana as a first point of contact for your health plan and HSA, while you also have access to the financial resources and guidance of UMB.

- All covered expenses, including prescriptions, have to apply to the same deductible and out-of-pocket maximum. After you have satisfied your deductible, your plan begins to pay for all or a portion of your health plan services until you have reached your out-of-pocket maximum. Check your Benefits Plan Document for specifics.
- The IRS has specific guidelines for flexible spending account (FSA) and HSA combinations. If an employee would like to contribute to an FSA with an HSA, the IRS requires the FSA to be limited to dental, vision and preventive expenses (i.e., annual physical) only. The employer can limit which of these categories is included. Humana's limited FSA does not become a "full" FSA (or FSA) when the employee meets the medical deductible. The employee does not have access to FSA funds for medical expenses once the high-deductible health plan deductible is met. When the HSA and FSA benefits are both with Humana, our systems can determine when a member's FSA should be in the limited status.

For family coverage, your plan could have one of two different types of deductibles:



**If your plan has one deductible for the whole family:**

The entire family deductible must be satisfied—either by one family member or a combination—before the coinsurance phase begins.



**If your plan has a deductible for each individual, in addition to the family deductible:**

If one family member reaches his or her individual deductible, the plan starts paying coinsurance for that person—but other family members are responsible for their medical costs until they meet their own deductible or until the entire family deductible is met.

**NOTE:** There could be cases where you have two claims on the same day, and you'd have to pay for both even though one of them satisfied his or her deductible. This situation may occur because some claims take longer to process than others, depending on when the provider bills Humana. In this situation, Humana adjusts the claims and reimburses you accordingly.

**For example:** You've paid \$2,800 of your \$3,000 deductible. You went to the doctor and the charge was \$200. Later that day, you filled a prescription that cost \$50. Even though the doctor's bill satisfied your deductible, you still needed to pay for the prescription because Humana hadn't processed the claim yet. If this happens, Humana determines your responsibility after we receive the claim. In this example, if you're responsible for coinsurance, we apply the extra \$50 to your portion of the bill; any amount not needed for coinsurance is refunded to you.

## Passing your account to your heirs

Here's what happens if you still have an HSA balance at the time of your death:

- If the beneficiary is your spouse, the HSA balance transfers to your spouse as of the date of your death—with no tax implications.
- If you have a beneficiary other than your spouse, the HSA ceases to be an HSA as of the date of death. The fair market value of the account is taxable on your beneficiary's tax return for the year in which you died.
- If the beneficiary is your estate, the HSA ceases to be an HSA as of the date of death. The fair market value of the account, as of the date of death, is taxable on your final tax return.

## Designating a beneficiary

You can download a Beneficiary Designation Form on MyHumana, your personal, secure online account at **Humana.com**. Under "Coverage & Spending," click on "Spending accounts," click on "Health Savings Account (HSA)" and under Related links, click on "HSA Statements & Forms." Scroll down to "Related Information." Simply complete the form and send it to UMB.

# Putting money in **your account**

## When you can contribute

You can only put money in an HSA when:

1. You're covered by a high-deductible health plan.
2. You don't have coverage through any other nonqualifying health plan. For example, you can't have coverage under a spouse's medical plan or spending account.
3. You aren't enrolled for Medicare benefits; however, after you enroll in Medicare, you can spend money you already have in the account.
4. You can't be claimed as a dependent on another person's tax return.

If you aren't covered by a high-deductible health plan on the first day of the month, your HSA becomes effective on the first day of the following month.

Children cannot establish their own HSA. Spouses can establish separate HSAs, if eligible.

IRS rules don't require your employer to determine whether you're eligible to contribute to an HSA—so if you contribute and then discover you're not eligible, your employer won't be liable for taxes and penalties.

### **Avoid early contributions and withdrawals**

To avoid IRS penalties, make sure you don't contribute to your HSA before the effective date of your high-deductible health plan. Also keep in mind that you can't use HSA money for healthcare expenses incurred before the high-deductible health plan and HSA go into effect.

### **Permitted coverage**

- The plan types listed below don't prevent you from contributing to an HSA:
- Insurance under which most of the coverage relates to workers' compensation laws, lawsuits, property ownership or use of property—such as automobile insurance
- Insurance for a specified disease or illness, like a cancer policy
- Insurance paying a fixed amount per day (or other period) of hospitalization
- Coverage—whether through insurance or otherwise—for accidents, disability, dental care, vision care or long-term care
- Drug discount cards
- Employee assistance program (EAP), chronic condition management or wellness program
- Eligibility for benefits through the U.S. Department of Veterans Affairs ("VA benefits"), unless you have received VA health benefits in the last three months



## The amount you can contribute—basic calculation

In general, the maximum annual contribution is based on the IRS's maximum annual contribution amount. Remember that your maximum amount includes contributions from you, your employer and anyone else. If your employer contributes, the money may go in your account as one lump sum, divided throughout the plan year, or matched based on your contributions—similar to how 401(k) accounts are typically funded.

These examples show how the type of coverage you have affects your maximum annual contribution.

You can contribute up to the IRS maximum even if you enroll midway through the plan year. As long as your high-deductible health plan coverage starts no later than December 1, you can contribute the full amount for the year. However, if you don't remain an eligible individual with high-deductible health plan coverage for at least 12 months after the end of the taxable year in which you make the contribution, you'll have to pay taxes and penalties on HSA contributions for the months you were not covered by a high-deductible health plan.

### Christopher – single coverage

- Christopher is enrolling in a high-deductible health plan for himself
- His annual deductible is \$2,500
- The IRS maximum contribution for single coverage is \$3,450—this is the 2018 amount, which is expected to change every year
- Christopher is not planning to transfer funds from another account—such as an individual retirement account (IRA)—that would count toward his HSA maximum

So, Christopher is allowed to contribute up to \$3,450.

## Denise – family coverage

- Denise is enrolling in a high-deductible health plan for herself and her two children
  - The family’s deductible is \$7,000
  - The IRS maximum for family coverage is \$6,900—this is the 2018 amount
  - Denise is not planning to transfer funds from another account that would count toward her HSA maximum
- So, Denise is allowed to contribute up to \$6,900.

## Jim – enrolls mid-year

- Jim is enrolling in a high-deductible health plan for himself
- His annual deductible is \$2,500
- The plan year for Jim’s employer is Jan. 1 – Dec. 31
- Jim joins the company in July
- Jim is enrolling late; however, he is allowed to contribute up to the annual maximum for that year

However, if Jim contributes the full amount and is not covered by a qualified high-deductible health plan at any time in the current taxable year or following year, he will be subject to taxes for the months he is not covered by a high-deductible health plan.

For many people, the basic calculations are all you need to know to determine your maximum annual contribution. But if you’re 55—or will be soon—be sure to read the next section.

## Catch-up contributions

If you're 55 or older, or turning 55 during the calendar year, you can make additional catch-up contributions to your HSA. If you have high-deductible health plan coverage for the full year, you can make the full catch-up contribution, no matter when your 55th birthday falls during the year. However, the catch-up amount is prorated if you don't have high-deductible health plan coverage for the entire year.

The catch-up amount is \$1,000 per year. If your spouse is also 55 or older, the catch-up amount is the same. However, the spouse must set up his or her own HSA (if eligible) to take advantage of the catch-up contribution.

### **You can make HSA contributions for a specified tax year through the IRS tax filing deadline of the following year**

This means if you are covered by a high-deductible health plan, you can wait until the IRS tax filing deadline of the following year to contribute money to your HSA. It's a good idea to check with your tax advisor, though, to make sure you don't contribute too much.

## What happens if you contribute too much?

It's important to make sure you don't put more in your account than allowed. The IRS imposes a 6 percent penalty on your excess contributions. Also, you have to pay taxes on the interest earned on those excess funds. You can avoid the penalty tax by withdrawing the excess amount from your HSA before the IRS tax filing deadline AND claiming the excess on your income tax form for that year as gross income.

Transfers from another HSA or Archer medical savings account (MSA) don't count toward the maximum annual contribution. If you take advantage of the IRS-allowed, one-time transfer from an individual retirement account, the transfer does count toward your maximum annual contribution.

As a reminder, the IRS says any money you put in when you're not eligible to contribute is an excess contribution.

## Your HSA bank helps you avoid penalties

UMB Bank—the financial institution that holds your HSA—doesn't accept contributions over the IRS maximum annual contribution for family coverage plus one catch-up contribution. That's the most a person may contribute to an HSA. However, the bank doesn't have all the information it needs to prevent you from going over your specific maximum—so it's your responsibility to stay within the IRS limits.

## Setting up paycheck deductions

It's easy to contribute to your HSA regularly.

Your employer may have provided a Paycheck Deduction Form for you to fill out. The form gives your employer permission to withhold your HSA contribution pretax from your paycheck and deposit it in your account.

When you enrolled, the amount you chose to put in your HSA appeared as an annual total. To figure out how much will come out of each paycheck, divide the annual amount by the number of pay periods in that year. You can change your contribution amount during the plan year. Go to your employer if you'd like to change your contribution amount or stop contributing at any time. If you increase your contribution, make sure it doesn't put you over the maximum annual contribution.

## Your HSA effective date

You can only use your HSA funds for expenses incurred after your HSA effective date—which may be later than your high-deductible health plan effective date.

If you aren't covered by a high-deductible health plan on the first day of the month, your HSA becomes effective on the first day of the following month. For example, **if you enroll on July 15, your HSA isn't effective until Aug. 1**—even if your high-deductible health plan coverage starts right away. If you enroll in a high-deductible health plan on the first day of the month, your HSA effective date is the same day. You also have to wait until the money is actually in your account before spending it.

## Manual deposits

Besides automatic pretax contributions, you can make post-tax “cash contributions.”

If you wish to contribute additional money to your account, you can download a deposit slip/HSA Contribution Form by signing in to MyHumana, your personal, secure online account at **Humana.com**. Under “Coverage & Spending,” click on “Spending accounts,” click on “Health Savings Account (HSA)” and under “Related links,” click on “HSA Statements & Forms” and scroll down to “Related Information.” Just print the form, fill out the account holder name and other required information and mail the form with either a check or your completed online bill-pay information to UMB:

### **UMB HSA Processing**

**P.O. Box 219490**

**Kansas City, MO 64121-9490**

## **The key to a well-funded HSA**

Whether you plan to spend your money, save it or do a little of both, contribute to your account regularly—through paycheck deductions, personal deposits or automatic debits from your checking account.

Since you’ve already paid taxes on the money, you can deduct the amount of your personal contribution when you do your taxes. Of course, you need to make sure your contribution doesn’t put you over the IRS maximum annual contribution.

## Transfers from HSAs or MSAs

If you have an HSA or MSA with another financial institution, you can transfer those funds into Humana’s HSA. For instance, if you have multiple HSAs, you can consolidate them with UMB—Humana’s banking partner—so they’re easier to keep track of. This kind of transfer doesn’t count toward your maximum annual contribution.

You have two ways to transfer funds to UMB, the custodian of your HSA:

- **The current account custodian writes a check to you.** You then have 60 days to deposit it into your UMB account. If you wait longer, the funds are subject to taxes and penalties. By law, this method is limited to one rollover per calendar year per account.
- **The current account custodian sends money directly to UMB.** You can download a Trustee Transfer Slip by signing in to MyHumana, your personal, secure online account at **Humana.com**. Under “Coverage & Spending,” click on “Spending accounts,” click on “Health Savings Account (HSA)” and under “Related links,” click on “HSA Statements & Forms” and scroll down to “Related Information.” Account custodians are allowed to limit fund transfers and charge fees, but UMB doesn’t have any transfer restrictions or transfer fees.

## Transfers from an IRA

The IRS allows you to make a one-time transfer to the HSA from an individual retirement account (IRA)—unless it’s a “Simple” or “SEP” IRA. Some rules about IRA-to-HSA transfers:

- Transfers count toward your maximum annual contribution for the HSA—so the most you can transfer is your maximum annual contribution, less any other funds you contributed during the same taxable year as the IRA transfer.
- You can only transfer funds from an IRA to an HSA once in your lifetime.
- You have to remain an eligible individual with high-deductible health plan coverage for at least 12 months after the transfer. If not, you’ll have to pay taxes and penalties on the amount you transferred.

# How life changes affect **your HSA**

## **Changing jobs**

If you leave your current employer, you don't have to worry—all of your HSA funds remain in your account.

- You can continue to use HSA funds already in your account
- You can continue contributing to your HSA only if you enroll in a qualifying high-deductible health plan
- You can't contribute to your HSA if you enroll in a plan that isn't a high-deductible health plan

If you go on COBRA—which stands for the “Consolidated Omnibus Budget Reconciliation Act”—you can continue your high-deductible health plan coverage through the group health plan. COBRA only applies to the high-deductible health plan.

However, being on COBRA can have an impact on your HSA:

- You can contribute money to your HSA, as long as you still have a high-deductible health plan and haven't exceeded the maximum annual contribution
- You can use HSA funds for qualified expenses, including your COBRA premiums
- Your employer can stop making contributions to your HSA, if you were receiving them
- Humana will transfer administration and customer service responsibility to UMB
- UMB will issue a new bank card for you to use instead of the Humana Access card
- You're responsible for any fees associated with your HSA, including the administration fee

## **Enrolling in Medicare**

After you enroll in Medicare, all of your HSA funds remain in your account. However, some changes do take place:

- You cannot contribute any more money to your HSA
- You can use HSA funds for qualified expenses such as out-of-pocket costs and Medicare plan premiums—excluding Medicare Supplement (“Medigap”) premiums

# Spending HSA funds

OTC medicines like pain relievers, cold medicine and antihistamines require a prescription to be paid for with your HSA funds.

## Qualified expenses

You can use HSA funds tax-free for IRS-qualified medical expenses, including doctor and hospital services, prescription drugs, dental care and vision care. Many over-the-counter (OTC) drugs are approved, too. The IRS also allows you to use HSA funds for:

1. COBRA continuation coverage premiums and any qualified medical expenses while you're on COBRA
2. Any health plan coverage you have while receiving unemployment compensation
3. Premiums and out-of-pocket expenses after you enroll in Medicare—except “Medigap” premiums
4. Qualified long-term care insurance premiums

## Sample expense list

You can find a partial list of qualified and nonqualified expenses, according to IRS guidelines, on MyHumana, your secure online account at **Humana.com**. Keep in mind the IRS may allow or disallow any expense because of circumstances involved.

For more information on exactly which expenses are qualified, go to [www.irs.gov](http://www.irs.gov) or your local IRS office and look up IRS Publication 969.

## What happens if you use funds for nonqualified expenses?

If you use HSA funds for a nonqualified expense, you'll pay tax on the nonqualified amount, plus an additional 20 percent penalty tax. You don't pay a penalty if you take money out of the HSA after you reach the age of 65 or become disabled. So, after you turn 65, you just pay income tax on HSA funds used for nonqualified expenses—with no penalties. It's possible to take money from your HSA for nonqualified expenses by mistake—for



instance, if you overpaid a doctor with your HSA and accidentally failed to deposit the refund check in your HSA. In this situation, you can avoid tax penalties by paying back the money through a manual deposit. You have to pay back the money by the IRS tax filing deadline of the year after you used the money by mistake.

### **When you can start using your HSA**

After your HSA is effective, you can start spending HSA money immediately after it is deposited in your account. Even though you must have a high-deductible health plan to contribute to the HSA, you can use the funds for any qualified expense you incur after the effective date of the HSA—no matter what kind of plan you have.

But keep in mind, **you can't "pre-spend" HSA money.** You can only withdraw funds that are actually in the account. If you have a large health expense at the beginning of the year, you may not have enough in your account to cover all the costs. If this happens, use your HSA to pay as much as possible and then use personal funds for the rest. After more money is deposited in your account, you can withdraw funds to reimburse yourself, as shown in the example below.

**For example:** Sue chooses to put \$1,200 in an HSA, and her plan year starts in January. Sue gets paid once a month, so she deposits \$100 per pay period.

Sue has outpatient surgery in June, and her doctor's bills total \$1,000. Sue can take \$600 out of the HSA now to pay the bills, but she'll have to pay the remaining \$400 another way.

Later in the year, Sue can request reimbursement for that \$400. She can request reimbursement every month as her paycheck deductions go in or she can wait until October, when \$400 is in the account.

## Humana Access® Visa® Debit Card overview

For most transactions, the Humana Access card is the fastest, easiest way to spend HSA funds:

- It draws money from your account instantly
- You don't have to pay out-of-pocket and wait for reimbursement
- It works at many healthcare provider locations, from doctors' offices to pharmacies to eye doctors

The card looks like any debit card—except it only works at healthcare provider locations like doctors' and dentists' offices, pharmacies and vision care providers. You can use the card for categories of services that are qualified expenses.

The categories are:

- Medical
- Dental
- Vision
- Prescription drugs/over-the-counter medications and qualified healthcare items
- Durable medical equipment

You can't use the card at “non-health-related” locations like restaurants or gas stations—even if you're buying a qualified item. Also, you can't use the card at ATMs or get cash back at a store.

The “zero liability” feature guarantees maximum protection against fraud if your Humana Access card is stolen and used for unauthorized purchases. If you are a victim of fraud, simply call Humana at **1-800-604-6228**. If the unauthorized purchase is fraudulent, you aren't financially responsible.

## What to do when you receive your Humana Access card

Humana sends your Humana Access card in the mail. When you receive the card:

- Activate it right away, so the card is ready to go when you need it. Call the toll-free number on the card activation label and follow the instructions on the recorded message.
- Sign the back of the card.
- Read and save the enclosed insert, which gives you more tips on using the card.

If you get more than one card, you need to activate only one for both to work. **By activating the card, you accept the terms and conditions outlined in the cardholder agreement.**

## **Call 1-800-604-6228 if your card is lost or stolen**

If your card is lost, call Humana's Spending Account Administration line right away, so we can protect your account balance and get a new card to you immediately. Representatives are available 8 a.m. – 7 p.m., Eastern time. But you can alert us anytime using our automated information line, which is available 24 hours a day through the same phone number.

## **Using your Humana Access card**

With a high-deductible health plan, you usually don't have a copayment at the doctor's office, urgent care center or hospital. Just ask the provider to file the claim and then use your Humana Access card to pay later.

- Wait for the doctor to send you a bill showing Humana's discounted rate and what you owe. See below for information about what to do if the office staff wants payment before Humana processes your claim.
- Check the credit card payment box, write your card number and expiration date and mail the bill back to your doctor—or you can call your doctor's office and give your card number over the phone.
- Pay the balance another way—such as with cash or a personal check—if the doctor's office doesn't take debit cards. Then, get reimbursed from your HSA.

Most providers don't mind waiting to send you a bill after Humana processes your claim. That way, they know you're paying exactly what you're responsible for, such as your deductible or coinsurance amount. However, providers are allowed to request payment up front—and some do. Here's how you can handle such a request:

- **Use the Easy Pay Consent Form** – With this form, you give a provider written authorization to debit your account after Humana processes your claim and determines the amount you're responsible for. You can limit the amount a provider can debit, specify a date range or limit the number of transactions. Here's how to find the form at **Humana.com**:
  - Click on the “Providers” tab at the top of the homepage and scroll down to the “Resources” menu and click the “Claim resources” link

- Scroll down and click on the “Payments” button under the “Payment information” section
- Click on “Humana Access card” on the left sidebar
- Scroll toward the bottom of the page and select “Humana Access Easy Pay Consent Form”
- **Pay an estimated charge and then adjust it later** – If the office staff prefers to run your card while you’re there, it’s OK to do so. Just swipe the card, select “credit” and sign for the transaction. Then wait for Humana to send your Explanation of Benefits or Claims Receipt—the document that shows what your plan paid and the amount you owe.
  - If you paid too little, the doctor’s office will bill you for the balance. You can use your Humana Access card to pay your portion of the bill after it arrives.
  - If you paid too much, you have to return the excess amount to your spending account. Ask the doctor’s office staff to credit your Humana Access card. If they send you a check instead, endorse the check (or deposit the check and write a check from your personal account for the same amount) and mail it to UMB with a deposit slip/HSA Contribution Form marked “redeposit.” You can get the form by signing in to MyHumana, your personal, secure online account at **Humana.com**. Under “Coverage & Spending,” click on “Spending accounts” click on “Health Savings Account (HSA)” and under “Related links,” click on “HSA Statements & Forms” and scroll down to “Related Information.”

The address:

**UMB HSA Processing**  
**P.O. Box 219490**  
**Kansas City, MO 64121-9490**

You also can use your Humana Access card at a pharmacy for prescription drugs and over-the-counter drugs:

- Present your card for payment or swipe it through the credit card machine
- Sign the receipt and save it for your records

## Reasons the Humana Access card may be declined

As long as you've activated your card and have money in your account, the card should work like a charm. But to help you avoid any problems, here are some reasons the Humana Access card may not work:

- You pressed “debit” instead of “credit” and don't have/know your PIN
- You're using the card at a non-health-related location, such as a restaurant
- You haven't activated the card
- Your account doesn't have enough money to cover the total expense—for locations other than the pharmacy, you can use the card for what's in your account and pay the rest another way; at the pharmacy you'll need to pay the entire amount another way and then request reimbursement from your account
- You are at a qualified merchant, but their payment software may not be set up correctly

If your card was declined and you feel the expense qualifies, pay another way and then submit a reimbursement request.

### Call 1-800-604-6228 if you have problems with your card

If you've tried all the suggestions above and your card still doesn't work, just call Humana's Spending Account Administration team toll-free, and we'll help you figure it out. Representatives are available 8 a.m. – 7 p.m., Eastern time. You don't have to memorize the phone number—it's on the back of your Humana Access card.

## Reimbursement from your account

If you pay for a qualified expense with a personal check, credit card or cash instead of your Humana Access card, it's easy to file for reimbursement:

- **Online** – Sign in to MyHumana. Just follow the directions, enter the amount you want reimbursed and choose reimbursement by direct deposit or check. If you choose direct deposit, you'll need to specify an account number and routing number for the account you want the money deposited in; you should receive

reimbursement within 2–5 business days. If you choose the paper check option, you should receive a reimbursement check at your home address in 7–10 business days.

- **By phone** – Call the automated spending account Customer Care line at **1-800-604-6228**. Follow the prompts and enter the amount you want reimbursed.

## Verifying your expenses are qualified

Every time you use HSA funds, keep a detailed receipt. It only takes a minute—and doing so can save you lots of time down the road. The reason you need receipts is that the IRS may contact you for proof your expense was qualified. In addition, you need to show that you didn't take an itemized deduction for the same expense or receive reimbursement from another source.

A valid receipt shows:

- Date of service
- Description of service
- Name of service provider
- Total expense amount
- Name of person who received the service

For some services, like doctor's office visits, you can use an Explanation of Benefits (EOB) or Claims Receipt instead of an itemized receipt. Humana provides an EOB or Claims Receipt after we process your claims. You can view and print this information at MyHumana. Just go to the "Claims" tab and print the "Details" page for the claim. For over-the-counter medicines, be sure to keep your prescription as well as the detailed sales receipt.

## Keep those receipts for a while!

As much as you may be tempted to pitch your receipts at the end of the year, don't! There's no time limit on when the IRS can contact you.

## Closing your account

If you ever need to withdraw all money from your account or close the account altogether, you can download the Account Closure Form at MyHumana. A link to the form is on the "Documents and Forms" page under the "Coverage & Spending" section.

If you cancel your account within seven days of setup, you can avoid account closure fees (see the "Account Fees" section for details).

Contact Customer Care at **1-800-604-6228** or send a written notice to:  
**UMB Bank, n.a.**  
**P.O. Box 419226**  
**Kansas City, MO 64141**

If you mail a notice, we'll consider the postmark date, or date of certification or registration, as the date of delivery—as long as you follow normal mailing procedures like making sure there's enough postage.

## Making your HSA grow

### **Interest-bearing savings account**

With all the HSAs Humana offers, paycheck deductions for your HSA go into an FDIC-insured, interest-bearing savings account at UMB Bank, Humana's financial partner.

The money in this account earns interest on the first dollar contributed. Interest is tax-free at the federal level and in most states. Interest is calculated daily and credited to the account monthly. You receive quarterly account statements from UMB; these statements are processed at the end of each quarter and available online. UMB will charge \$1.50 per quarter for paper statements.

You can find current interest rates for the UMB interest-bearing savings account in the "Coverage & Spending" section of MyHumana. Interest rates are subject to change at any time.

If your employer offers an HSA with investment options, and you have more money in your interest-bearing savings account than you need to cover medical expenses and account fees, you can invest excess funds in an investment account.

### **Investing in your HSA is completely optional**

Unless you open an HSA investment account, all contributions to your HSA remain in your interest-bearing savings account. If your employer offers the HSA with investment options, you can have a savings account and an investment account at the same time.

## Self-directed investment account (not available with all HSAs)

After your HSA balance reaches \$1,000, you have the option to move funds to an investment account through UMB Financial Services. As with the interest-bearing savings account, capital gains on the investment account are tax-exempt.

Advantages of the investment account:

- Get the potential for higher earnings on your HSA dollars
- Get all mutual funds at net asset value (NAV)—there are no front-end or back-end “load” fees
- Choose from nationally recognized mutual fund families
- Follow current and past performance of your investments online

While this option could yield greater returns than a savings account, it’s important to know that mutual funds are **not federally insured**, and **capital gains are not guaranteed**.

To open an investment account, you must have at least \$1,000 in your account. Simply sign in to MyHumana, go to the “Spending accounts” page within the “Coverage & Spending” section. Click the link to your health savings account. Click “HSA Statements & Forms” and look for “HSA Investments.” From there, you’ll go to the UMB Financial Services website, where you can sign up for an investment account and use online tools to help you choose your investments. You also can call UMB to set up your account.

Investment options aren’t available with all Humana HSAs. Check with your benefits administrator if you aren’t sure which type of HSA you have.

### You’re in control of investing decisions

With an HSA, you’re in control of how you use your money. Humana can explain the benefits of investing, but we don’t give mutual fund advice. You can contact UMB Financial Services to get a prospectus for any mutual fund you’re interested in, and UMB Financial Services provides tools to help you with financial decisions.



# Account fees

## Monthly and special fees

With an HSA, you may have account fees, as you do with any other bank account. Here's an overview of UMB's fees—some of the fees don't apply to you if your HSA doesn't have investment options.

**Fees are subject to change.**

### Monthly fees

Interest-bearing savings account	Ranges from \$0-\$3.50 per month per account—may be paid by the employer, the employee or combination of both
Monthly investment account fee	\$3 per month

### Special fees

Humana Access card transactions	No charge
Overdrafts/returned items—insufficient funds	\$25 each item
Wire transfer—a deposit or withdrawal via wire transfer	\$10 each transfer
Account closing	\$15 each account
Return deposit—a deposit sent directly to UMB fails to clear	\$3 each check
Stop payment requests—applies only if you have a checkbook for your account	\$20 each check
Check copies—applies only if you have a checkbook for your account	\$10 each copy
Check reimbursement—when you request a check from UMB, rather than using Humana's website or toll-free phone number	\$15 each check
Excess contribution—cost to handle and return deposits above the maximum annual contribution for family coverage plus one catch-up contribution	\$15 each deposit until member changes election amount or removes excess funds
Investment Trade Fee—purchase or sale of mutual funds	\$3 per month flat rate

# Keeping track of **your account**

## **Checking your balance online or by phone**

To check your HSA balance online, sign in to MyHumana. The website includes the most up-to-date information about your account.

You can also get up-to-date information about your account balance over the phone through our automated voice-response system. Just call the Spending Account Customer Service number on the back of your Humana member ID card.

## **Online banking tools**

Your MyHumana offers lots of other helpful services.

Sign in to MyHumana to:

- View your account balance
- Review up to 90 days of transactions
- Request additional Humana Access cards
- Download deposit slips, Withdrawal Forms, Beneficiary Designation Forms, Account Closure Forms and more
- Check interest rates for the HSA
- Review frequently asked questions
- Set up investments, if you're eligible (see previous section for details)
- Review year-to-date spending
- Estimate costs for healthcare services and prescription drugs
- Compare doctors, hospitals and outpatient centers with Humana's MyChoice Tools<sup>SM</sup>
- Use healthcare HSA and dependent care HSA planners

If you haven't registered for MyHumana yet, just go to **Humana.com**, go to the "Sign In" link on the home page and follow the easy instructions.

## **Quarterly statement**

UMB Bank manages your HSA in partnership with Humana. During the year, you'll receive some information about your spending account directly from UMB. UMB provides a quarterly statement online outlining activity for your interest-bearing savings account. If you choose to invest your HSA money in mutual funds, you'll

also receive quarterly investment statements from UMB Financial Services related to the investment account. UMB statements also contain customer service contact numbers in case you have any questions. It's important to review quarterly statements for accuracy of transaction amounts and balance information. UMB will charge \$1.50 per quarter for paper statements.

### **What happens if you go in the red**

If your account balance falls below zero—for instance, if you don't have enough in your account to cover fees—UMB considers this a “negative balance.” If you have a negative balance for 45 days, UMB will contact you and, depending on the outcome of the communication, the account will most likely be closed.

## Making your HSA go further

### **Seven money-saving tips**

While you can't control some of the causes of rising healthcare costs, these simple tips can help you stretch your HSA funds:

- **Take advantage of network savings** – Doctors, hospitals and other providers in your plan's network charge lower rates for plan members. Plus, if you go to an out-of-network provider, any amount over what an in-network provider would charge comes out of YOUR pocket.
- **Don't believe all the hype about brand-name drugs** – In many cases, you can get the same results for less money by choosing generic drugs. Before your doctor finishes writing your prescription, ask about generic equivalents, lower-cost brand-name drugs that treat the same condition and even over-the-counter options. If you take an alternative drug and don't think it works as well, you can always go back to the brand-name drug you used before.
- **Take your medication as prescribed** – Not refilling your prescriptions may seem like a good way to save money, but it may cost you much more in the long run. Many prescription drugs, when taken as directed, can keep you from needing

expensive medical care or hospitalization. So make sure everyone in your family follows doctor's orders.

- **Go to the emergency room only for emergencies** – If you need non-emergency medical care, think about going to an urgent care center or your regular doctor instead of the emergency room (ER). Sometimes it's a tough call. But for something like a cold or a minor sprain, avoiding the ER will probably save you money for two reasons: The payment is usually lower for a doctor's visit or urgent care, and your insurer may make you pay for the full cost of care if you use an emergency room for a non-emergency.
- **Look into freestanding surgery and diagnostic centers** – If you need outpatient surgery, you may save money by having it done at an ambulatory surgery center—a freestanding clinic that isn't in a hospital, and it's not operated by a hospital. Freestanding diagnostic clinics usually charge less than facilities run by hospitals for tests like MRIs, CT scans, X-rays and bone density scans. But before you go to one of these facilities, do two things: Make sure the facility is part of your plan's network, and check your plan to make sure your benefits cover the service.
- **Ask your doctor about home testing and monitoring devices** – Home tests for blood pressure, diabetes and other conditions can help you make sure you're following doctor's orders. Just check with your doctor to make sure home tests are appropriate for you, report your results regularly and call your doctor right away if you see anything unusual.
- **Take advantage of programs from your health plan** – If you have diabetes, asthma, heart disease or another chronic condition, you may have access to free chronic condition management programs. These programs can really help you stay healthy and possibly save you money at the same time. Some plans also have programs to prevent illness, like smoking cessation, weight loss and even stress management. Remember: Staying healthy is still the best way to save money on healthcare!

# Your HSA at **tax time**

## **Why good record keeping is important**

One of the greatest benefits of an HSA is that you don't pay federal taxes on your contributions—and you may save on state taxes, too. Plus, you don't pay taxes when you use the money, as long as you use it for qualified healthcare expenses. For that reason, the IRS requires some paperwork related to HSA contributions and withdrawals.

To get the full tax benefits from your HSA:

- Make sure you only put money in an HSA when you're covered by a high-deductible health plan
- Don't contribute more than the IRS allows during a calendar year
- Use your HSA funds only for qualified healthcare expenses

The IRS may contact you for proof you've followed these rules.

For that reason, it's important to keep detailed receipts every time you use HSA funds, whether you use your Humana Access card or get reimbursed later. There's no time limit on when the IRS can contact you.

## **Tax preparation**

Here's an overview of IRS forms for the HSA and who's responsible for completing them:

- **Form 1099-SA** – UMB Bank, your account custodian, sends this form to you by Jan. 31. The form reports all distributions from your account and is only sent if there is a distribution from the HSA.
- **Form 5498-SA** – UMB sends this form to you by May 31. The form reports all contributions, rollovers and transfers to the account.
- **Form 8889** – You or your tax preparer complete this form when you file your taxes. The form reports all HSA contributions and distributions—information shown on your 1099-SA and W-2.

When you file your taxes, you don't have to report HSA interest earnings as income. If you have further tax questions, please consult your tax advisor or the IRS website.



Humana plans are offered by the Family of Insurance and Health Plan Companies including Humana Medical Plan, Inc., Humana Employers Health Plan of Georgia, Inc., Humana Health Plan, Inc., Humana Health Benefit Plan of Louisiana, Inc., Humana Health Plan of Ohio, Inc., Humana Health Plans of Puerto Rico, Inc. License #00235-0008, The Dental Concern, Inc., The Dental Concern, Ltd., Humana Wisconsin Health Organization Insurance Corporation, or Humana Health Plan of Texas, Inc.—A Health Maintenance Organization or insured by Humana Health Insurance Company of Florida, Inc., Humana Health Plan, Inc., Humana Health Benefit Plan of Louisiana, Inc., Humana Insurance Company, Humana Insurance Company of Kentucky, Humana Insurance of Puerto Rico, Inc. License #00187-0009, EmpheSys Insurance Company, or Humana Dental Insurance Company or administered by Humana Insurance Company or Humana Dental Insurance Company For Arizona residents: Offered by Humana Health Plan, Inc. or insured by EmpheSys Insurance Company, or insured or administered by Humana Insurance Company, or Humana Dental Insurance Company.

Please refer to your Benefits Plan Document (Certificate of Coverage/Insurance) or Summary Plan Description) for more information on the company providing your benefits.

Our health benefit plans have limitations and exclusions.

An HSA is not a health benefit plan.

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