



Health Savings Account Handbook



Health Savings Accounts

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

What is an HSA?

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

HSAs offer triple tax savings, and funds never expire!

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

HSA Rules & Regulations

- HSAs remain with you even if you change health plans or companies. If you open an HSA and later become ineligible to make contributions, you can still use your remaining funds.
- To be eligible to open and contribute to an HSA, you must be covered by a qualified High Deductible Health Plan (HDHP).
- HSA funds may be used for any eligible health care expense not covered by insurance or any other plan for yourself, your spouse, or tax dependents.
- HSA funds can be withdrawn for non-health care items, but will be subject to regular income taxes and a 20% excise penalty.
- For 2021, contributions may not exceed \$3,600 for individual coverage or \$7,200 for family coverage. Individuals ages 55 or older can make additional “catch-up” contributions of up to \$1,000 for 2021. For 2020, contributions may not exceed \$3,550 for individual coverage or \$7,100 for family coverage. Individuals ages 55 or older can make additional “catch-up” contributions of up to \$1,000 for 2020.
- The IRS may request itemized receipts for HSA purchases during tax time. **Always save your itemized receipts!**

Learn more about HSAs!

www.ConnectYourCare.com/hsavideo



Using Your Health Savings Account

We make it easy to use your account funds.

1. **Use Your Payment Card:** This is the simplest way to purchase health care! Simply swipe your card like any other credit or debit card to pay for your purchase. The expense will be deducted directly from your account.
2. **Pay with Personal Funds and Request Reimbursement:** You may also pay using your own personal credit card, cash, or check and keep your itemized receipt as documentation. Then, log on to your online account or the mobile app to request reimbursement. You can receive reimbursement funds via check or direct deposit. *Tip:* Set up direct deposit online to receive quicker reimbursements.
3. **Pay a Provider:** You can also choose to have ConnectYourCare send payment directly to your provider! Simply log into your online account or the mobile app to request payment, and we'll take care of the rest.

How to Pay at...

- **The Doctor, Dentist, Eye Doctor, or Hospital.** When you pay for health care at the doctor, dentist, eye doctor, or hospital, be sure to always present your health insurance ID card first to ensure proper processing of your charges.

If you are asked to pay a copay, you may pay with your payment card, or you may pay using personal funds and request reimbursement online.

If you're asked to pay for additional charges, do not pay your provider until the claim is processed by your health plan and you receive your Explanation of Benefits (EOB) in the mail. This helps avoid overpayment. Compare your EOB with the provider's bill to verify the amount being charged by your provider is the same as the patient balance on the EOB. You may then pay using your payment card, or pay using personal funds and request reimbursement online.
- **The Pharmacy.** When purchasing prescriptions, always present your health insurance ID card to the pharmacy to make sure you receive your health plan discount. You may pay with your health care payment card, or you may pay with personal funds and request reimbursement from your account.



HSA Enrollment Eligibility

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

- You can be claimed as a tax dependent on another person's taxes. Generally, this excludes children under age 19 (or 24 for students), or other household members with limited income who are supported by the taxpayer.
- You are enrolled in Medicare.
- Your care is covered by your own or a spouse's non-HSA-qualified health plan, Flexible Spending Account (FSA), or Health Reimbursement Arrangement (HRA).
- Additionally, you are ineligible if, in the past three months, you have received Veteran's Administration benefits that were not connected to a service disability.

Using Your Payment Card

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

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

- 1. Pay for Qualified Expenses with Your Card.** Pay for qualified products and services directly at approved merchants (see sidebar). The money comes right out of your health care account. Provide your card to a qualified merchant or provider, and they will swipe your card like any other credit or debit card to pay for your purchase. If asked, select "credit," to use it without a personal identification number (PIN), or "debit" to use a PIN. There is a preset PIN associated with your card, which is the last 4 digits of your card number. To select a different PIN, call 888.999.0121.
- 2. Get Your Balance.** By frequently checking your account balance online or on the mobile app, you will have a good idea of the amount of funds available in your account. When you swipe your payment card, the system makes sure that your coverage is active and that you have sufficient funds in your account for the full amount. If not, the transaction will be denied. You can swipe the card for the amount left in your account and pay the difference with another form of payment.
- 3. Know What's Eligible.** Familiarize yourself with what expenses are eligible using the list of eligible expenses in this guide, your online account, or your employer's plan documents. Examples of eligible expenses are doctors' visits, prescription drugs and many over-the-counter medications. If you use the card for ineligible expenses, you have the option to reimburse the plan, or you may be required to pay income taxes and an additional penalty tax.
- 4. Save Your Itemized Receipts.** Although your payment card eliminates the need to file paper claims, the IRS may require itemized receipts for tax purposes.

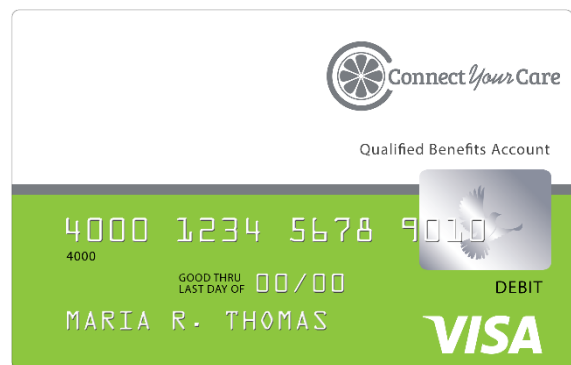
Use Your Card at Approved Merchants

Your card has been programmed to work only at approved merchant locations that are designated as health care merchants based on their Merchant Category Code (MCC) or are IIAS compliant.

Examples of approved merchants include doctor's offices, hospitals and many groceries, pharmacies and other stores that are IIAS compliant. Visit www.ConnectYourCare.com/stores for a list of certified IIAS stores.

For purchases at locations that are not approved, you can pay with other means, then submit a request for reimbursement through your online or mobile account.

The card should only be used to pay for eligible medical expenses, and you should always save your receipts.



Using Your Online Account

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

Online Account Features

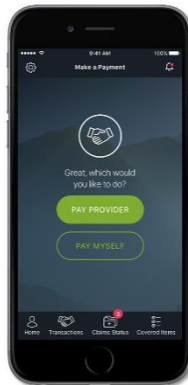
- Get account balance
- View payment card changes
- View HSA interest payment
- Enter a request for withdrawal
- View withdrawal requests
- Manage HSA investments
- Read important messages
- View reimbursement schedule
- Access tips & tools from WebMD
- Find answers to frequently asked questions

Mobile Solutions

Mobile App

We offer a secure, interactive mobile application for Android and iOS devices.

- View account balance, account alerts and transaction history
- View all claims, claims requiring action, and claims details
- Submit a new claim
- Make payments with Online Bill Pay and Click-to-Pay (if applicable)
- Receive important account alerts
- Tap to call Customer Service
- Upload claim documentation – quick and easy way to submit receipts using your device's camera.



Mobile Alerts and Two-Way Texting

Our Mobile Alerts feature lets you access account information at any time using text messaging. Simply opt into the service online.

Where to Begin

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



Enter a New Claim

If you pay for an expense using personal funds (not your payment card), you will need to enter a claim for reimbursement. Entering a new claim is easy.

- Log into your online account or mobile app.
- Click to add a new request for payment or reimbursement.
- Enter the required information about your expense.
- Follow the instructions to submit your documentation via upload, fax, or postal mail.

HSA Eligible Expenses

Eligible Expense Examples – There are hundreds of eligible expenses for tax-free purchase with your account funds, including prescriptions, doctor’s office copays, health insurance deductibles, and coinsurance.

- Acupuncture
- Alcoholism treatment
- Ambulance
- Artificial limb
- Birth control pills
- Blood pressure monitoring device
- Breast pumps and related supplies
- Chiropractic care
- COBRA premiums (post tax only)
- Contact lenses and related materials
- Dental treatment
- Dentures
- Diagnostic services
- Drug addiction treatment
- Eye examination, eye glasses and reading glasses
- Family planning items
- Feminine care products
- Fertility treatment
- Flu shot
- Hearing aids
- Hospital services
- Immunization
- Insulin and diabetic supplies
- Laboratory fees
- Laser eye surgery
- Long-term care premiums or expenses (post tax)*
- Medical testing devices
- Menstrual care products
- Nursing services
- Obstetrical expenses
- Orthodontia (not for cosmetic reasons)
- Over-the-counter (OTC) treatments containing medicine– cold treatments, ointments, pain relievers, stomach remedies, etc.
- Over-the-counter (OTC) treatments without medicine – bandages, wraps, medical testing devices, etc.
- Oxygen
- Physical exam
- Physical therapy
- Prescription drugs
- Psychiatric care
- Retiree (post-65) medical insurance premiums (post-tax)
- Smoking cessation program and medications
- Surgery
- Sunscreen & sun block (SPF 15+, broad spectrum)
- Transportation for medical care
- Weight loss program to necessary to treat a specific medical condition
- Wheelchair, walkers, crutches and canes

Ineligible Expense Examples – These items are not generally eligible for tax-free purchase with your account funds.

- Concierge service fees (billed for future services; no treatment provided)
- Cosmetics and cosmetic surgery
- Deodorant
- Exercise equipment
- Fitness programs
- Funeral expenses
- Hair transplants
- Household help
- Illegal operations and treatments
- Maternity clothes
- Teeth whitening

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

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

*Limitations apply. See IRS Publication 502 for more information.

Interest Earnings and Investment Options

Your ConnectYourCare HSA provides a secure financial foundation for your health and financial well-being today. You will earn interest on your HSA balance from day one. And, because your HSA funds do not expire, any unused funds roll over and continue to earn interest.

If you want to achieve even more with your HSA, an **HSA Investment Account** provides the perfect solution. A self-directed HSA Investment Account is available to you once your HSA balance reaches \$1,000. Investment accounts link directly to your HSA for easy movement of funds back and forth.

Through your HSA Investment Account, you will have access to a wide range of fund choices, designed to suit your individual needs and financial goals, and managed by some of the most well-respected names in financial services such as Vanguard, Schwab, Fidelity, BlackRock, PIMCO and more.¹

Investments made easy

- Best-in-class investment choices
 - No-load funds
- Distinguished fund providers
- Multiple asset classes represented
 - Low-expense ratios
 - No trade fees
- Market research tools
- HSA asset allocation planner
- Simple to buy/sell/realign portfolios
- Automatic investment options
- Tax-free investment growth
- Online and mobile access



Get the most out of your HSA with an investment account.

¹Sample list of fund providers; your specific options may vary. View your funds options in your online account.

Investments in mutual funds are not FDIC insured, not bank issued or guaranteed, and are subject to risk, including fluctuations in value and the possible loss of the principal amount invested. Please consult your financial planner for more information.

Frequently Asked Questions

How much can I contribute to my HSA?

For 2021, you can contribute up to \$3,600 or \$7,200 per year into an HSA for individual or family coverage, respectively.

For 2020, you can contribute up to \$3,550 or \$7,100 per year into an HSA for individual or family coverage, respectively.

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

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

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

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

How will I be able to access my HSA funds?

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

When can I request withdrawals from my HSA?

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

How will I receive my withdrawals?

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

How do I set up direct deposit?

- Log into your online account and click Settings and Preferences under your name.
- Complete the short, secure form. Be sure to have your bank account and routing numbers on hand.
- Choose Direct Deposit as your preferred method of Claim Reimbursement and click the Confirm button.

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

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

Can I make additional contributions to my HSA?

You can make non-payroll contributions changes in your online account.

Note: Contributions via your online account are made post-tax and can be deducted at tax time.

Where can I use my payment card?

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

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

Yes. Simply log on to your online account or contact Customer Service to request an additional card.

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

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

Can I transfer HSA funds from another administrator into this HSA? How much can I transfer?

Yes, you may transfer prior HSA funds from another administrator into this HSA. You may choose to transfer any amount from a previous HSA into this HSA, and the amount that you transfer does not impact your annual HSA contribution limit.

If you would like to transfer funds from a previous HSA to this HSA, please contact customer service for the necessary paperwork required for the transfer. The paperwork will direct you to the next steps, including where to submit the required information. Once the form is received, the HSA custodian bank will process the transfer.

ConnectYourCare is not a broker-dealer or registered investment advisor, and does not provide investment advice or research concerning securities, make recommendations concerning securities, or otherwise solicit such transactions. The HSA investment program is an optional, “self-directed” product, i.e., the decision to invest a portion of your HSA cash balance into HSA Investment Account, if at all, and which HSA Investments to choose are solely within your discretion and at your direction. ConnectYourCare does not provide any investment advice to you or have any duty to review or monitor the investments in an individual account. Consequently, you are solely responsible for determining the suitability for you of investing in a HSA Investment and you may wish to consult with your financial adviser before doing so. Before you make any investment, you should carefully review the mutual fund’s prospectus and consider its objectives, associated risks and any fees or expenses that may apply. Investing entails the risk of loss of principal.

This material is for informational purposes only and is not an offer of coverage. ConnectYourCare does not provide tax or legal advice. This information is not intended and should not be taken as tax or legal advice. Any tax or legal information in this notice is merely a summary of ConnectYourCare’s understanding and interpretation of some of the current tax regulations and is not exhaustive, nor is it a representation of actual savings to be had by your plan specifically. You should consult your tax advisor or legal counsel for advice and information concerning your particular situation before making any decisions.

This guide does not constitute tax advice. For more assistance, please contact your tax advisor. You can also find more information in IRS Publication 969 at <http://www.irs.gov/pub/irs-pdf/p969.pdf>. Please keep in mind that your state might have different tax rules. Always refer to your state’s tax guidance regarding HSA filing and taxation.