A Short Guide to HSAs

How to Open and Get Started with a Health Savings Account (HSA) from OptumHealth Bank℠.
Start a Savings Plan for Your Health

Congratulations. By enrolling in your company's high-deductible health plan you may be eligible to open and save in a health savings account (HSA) from OptumHealth BankSM, Member FDIC. Here is some information about how an HSA works and directions for getting started.

What Is an HSA?

Think of an HSA as a savings plan for health care you'll need today, tomorrow and into the future. It works like a regular bank account, but you don't pay federal income tax on the money you deposit. When you use your HSA money to pay for qualified medical expenses, you won't pay income taxes on the money, either. You even build your savings into a nest egg for retirement.

Unlike a flexible spending account (FSA), your savings grow from year to year. There's no "use it or lose it" rule. The money is there when you need it. And it's yours to keep.

Why Have an HSA?

An HSA simply helps you plan, save and pay for health care.

You own it.
The money belongs to you, even deposits made by others, such as an employer or family member. You keep it, even if you change jobs or health plans.

It has triple tax benefits.
- Money deposited is federal income tax-free.
- Savings grow tax-free.
- Withdrawals made for qualified expenses are also income tax-free.

Anyone can contribute.
You, your employer or a loved one. There are no restrictions on who can put money into your account.

It's not just for doctor visits.
You can use your HSA to pay for medical needs such as eyeglasses, hearing aids and qualified prescriptions. You can even use your savings to pay for other kinds of health insurance, such as COBRA, long-term care and any health plan coverage you have while receiving unemployment compensation. When you turn 65, you can use HSA savings to pay for any tax-deductible health insurance (except for Medicare supplemental insurance).

You can invest it.
Once your balance reaches the investment threshold, you can begin investing in mutual funds. If you earn money on your investments, you don't pay income tax on that money, either.

You can save for the future.
By saving in an HSA, you can be ready for expenses due to illness or accident. And, after you turn 65 or become entitled to Medicare benefits, you may withdraw money from your HSA for expenses that are not qualified medical expenses which are subject to standard income taxes, without penalty. Save as much as you can now, and you could possibly have a nest egg when you retire.

With an HSA you can:

DEPOSIT
Deposit your health care dollars.

GROW
Grow your savings.

SAVE
Save on taxes.

PAY
Pay for health care now or later.

Investments are not FDIC insured, not guaranteed by OptumHealth BankSM and may lose value.
When should I establish my HSA?
Open your HSA as soon as you are eligible to do so. That way, you can use your HSA to pay or reimburse yourself for qualified medical expenses. You cannot use your HSA to reimburse yourself for medical expenses you had before you established your account.

What Else Do You Need to Know About an HSA?

Eligibility rules apply.
To deposit money into an HSA, you must be enrolled in an HSA-eligible health plan. You are eligible if:

- You are covered under an eligible high-deductible health plan (HDHP).
- You are covered by no other health coverage, unless it is permissible coverage like vision or dental.
- You are not enrolled in Medicare.
- You cannot be claimed as a dependent on someone else's tax return.

Some other restrictions apply. Please consult your tax, benefits or financial advisor.

If you switch to a health plan that makes you ineligible to continue depositing money in an HSA, you may continue to use the money in your account for qualified medical expenses, but you can no longer make deposits.

Contribution limits are determined every year by the IRS.
For 2013, you can deposit up to $3,250 if you have individual coverage and $6,450 if you have a family policy. The IRS also allows you to make an extra catch-up deposit of $1,000 in 2013 if you are 55 or older.

You can make contributions all the way up to the tax-filing deadline (usually April 15) and still get tax credit for the previous year.

It’s different from a flexible spending account (FSA).
You may have had a health care FSA in the past. With an FSA, all the money you chose to contribute was available to help pay for eligible expenses on the first day of your plan year.

An HSA works differently. Money grows in your HSA as you (and maybe your employer) deposit money into it. You can use your debit card or online bill pay for qualified expenses only if you have enough money in the account to cover the cost.

While you are growing your HSA savings, you may pay for a qualified medical expense out of your pocket. You can reimburse yourself from your HSA later, after you have enough money in your account. Remember, though, that you can only reimburse yourself for qualified expenses you had after you establish your HSA.

Keep your receipts.
Save all your receipts for qualified medical expenses! If the IRS asks, you must be able to prove that you used your HSA money only to pay or reimburse yourself for qualified medical expenses.

Paying with your HSA is easy.

- Use your debit card to pay at the pharmacy, doctor's office or elsewhere. You can also order extra cards for covered family members.
- Pay your bills for qualified medical expenses online at myuhc.com.
- Pay out of pocket and reimburse yourself. You can do that online or by withdrawing money with your debit card from any ATM with the MasterCard® logo.
- Order OptumHealth Bank checks ($10 for 25).
Getting Started

1. Enroll online.
Sign up through your employer or enroll at welcometouhc.com or myuhc.com. Check with your supervisor or benefits specialist to learn about your company’s application process.

2. Start saving.
There are several ways to contribute to your account.
- Payroll deduction: If your employer allows, pre-tax dollars are taken out of your paycheck and deposited into your HSA. It’s the easiest way to build your savings.
- Electronic deposits: Log in to your account and make a deposit by transferring money from another bank account.
- Check: Mail a check along with a contribution form, available online.
- Transfer or roll over funds: If you already have an HSA, you can roll over or transfer funds from that account into your OptumHealth Bank account. Some restrictions apply. Find more information and a rollover/transfer form on our website.

3. Be on the lookout.
If you enroll online you may be able to choose to receive your welcome kit electronically. If you sign up through your employer you will receive your welcome kit in the mail. Within seven to 10 days your HSA Debit MasterCard® and your debit card personal identification number (PIN) will arrive by mail in separate unmarked envelopes for your safety and security.

Customer Service Is Here to Help

Visit myuhc.com.
Manage your account, pay bills, download forms and find other helpful HSA information. Be sure to log on monthly to check your statement.

Call us toll-free at (800) 791-8361.
Friendly, knowledgeable customer care professionals are available from 8 a.m. to 8 p.m. Eastern time, Monday through Friday. Assistance for most foreign-language speakers is also available.

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Health savings accounts (HSAs) are individual accounts offered by OptumHealth Bank®, Member FDIC, and are subject to eligibility and restrictions, including but not limited to restrictions on distributions for qualified medical expenses set forth in section 213(d) of the Internal Revenue Code. State taxes may apply. This communication is not intended as legal or tax advice. Please contact a competent legal or tax professional for personal advice on eligibility, tax treatment and restrictions. Federal and state laws and regulations are subject to change.

Insurance coverage provided by or through UnitedHealthcare Insurance Company or its affiliates. Administrative services provided by United HealthCare Services, Inc., or their affiliates.
Use an HSA to pay for qualified medical expenses like these

- Acupuncture
- Alcoholism treatment
- Ambulance
- Artificial limbs
- Artificial teeth
- Blood sugar test kits for diabetics
- Breast pumps and lactation aids (newly allowed by the IRS)
- Chiropractor
- Contact lenses and solutions
- Crutches
- Dental treatments including X-rays, cleanings, fillings, braces, and tooth removals
- Doctor's office visits and procedures
- Drug addiction treatment
- Drug prescriptions
- Eyeglasses and vision exams
- Fertility treatment
- Health insurance premiums for COBRA plans, long-term care insurance, and health continuation insurance while receiving unemployment benefits
- Hearing aids and batteries
- Hospital services
- Insulin
- Laboratory fees
- Laser eye surgery
- Qualified long-term care services (limited)
- Over-the-counter medicines and drugs only if prescribed by a doctor* (newly allowed by the IRS)
- Physical therapy
- Psychiatric care if the expense is for mental health care provided by a psychiatrist, psychologist or other licensed professional
- Special education for learning disabilities
- Speech therapy
- Stop-smoking programs including nicotine gum or patches
- Surgery, excluding cosmetic surgery
- Vasectomy
- Walker
- Weight-loss program, if it is a treatment for a specific disease diagnosed by a physician
- Wheelchair

Keep your receipts

Keep all records of your medical expenses in case of an IRS audit. That way, you can prove that your HSA was used for qualified expenses.

This is not a complete list. The Internal Revenue Service (IRS) decides which expenses can be paid from an HSA, which also include, but are not limited to, deductibles, copayments and medications. The IRS can modify the list at any time.

* Because of the health care reform law passed in 2010, you will no longer be able to pay for over-the-counter (OTC) medicines with your HSA, unless you have a prescription. In addition, if you use an HSA to pay for items or services that are not qualified medical expenses and you are under age 65, the tax penalty will increase from 10 percent to 20 percent of the HSA distribution.

The Internal Revenue Service (IRS) publishes information on HSAs and qualified medical expenses. Visit irs.gov.

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These are some common health care services and expenses that are not qualified for purchase using an HSA.

- Costs or expenses reimbursed from another source such as health coverage or a flexible spending account
- Cosmetic surgery
- Diaper service
- Electrolysis or hair removal
- Health club dues
- Household help
- Maternity clothes
- Nutritional supplements, such as multi-vitamins, for general good health
- Over-the-counter medicines not prescribed by a doctor
- Personal use items, such as toothbrush, toothpaste, etc.
- Swimming lessons
- Teeth whitening

What does that mean?

**Qualified medical expense:** A medical, dental or vision expense that the IRS says can be paid for from a health savings account (HSA) without paying income taxes on the savings.

**Health savings account (HSA):** Health care bank account that lets people put money aside tax-free to pay for certain medical, dental and vision costs. The IRS limits who can open and put money into an HSA. Money in an HSA can stay in the account until it is used.

Want more information?

If you are currently covered under a UnitedHealthcare HSA-eligible health plan, and would like details about what expenses are covered and count toward your deductible, please see your benefit plan documents. You can also log in to myuhc.com® or you can call the phone number on the back of your health plan ID card.

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