

# My HSA Handbook



How to get more from your  
Health Savings Account

**HUMANA**<sup>®</sup>

# Health Savings Account

## How to get more from your Health Savings Account (HSA)

---

### Getting started

1 – 3

Using your HSA handbook  
HSA and High Deductible Health Plan basics

### Putting money in your account

4 – 10

When you can contribute  
Permitted coverage  
The amount you can contribute  
Catch-up contributions  
What happens if you contribute too much  
Setting up paycheck deductions  
Your HSA effective date  
Manual deposits  
Transfers from HSAs or MSAs  
Transfers from FSAs and HRAs  
Transfers from an IRA

### How life changes affect your HSA

11 – 13

Changing jobs  
Enrolling in Medicare  
Life events  
Passing your account to your heirs

### Spending HSA funds

14 – 21

Qualified expenses  
Sample expense list  
What happens if you use funds for nonqualified expenses  
When you can start using your HSA  
HumanaAccess<sup>SM</sup> Visa<sup>®</sup> Debit Card overview

**Spending HSA funds** *(continued)*

- What to do when you receive your HumanaAccess Card
- Using your HumanaAccess Card
- Reasons the HumanaAccess Card may be declined
- Reimbursement from your account
- Verifying your expenses are qualified
- Closing your account

**Making your HSA grow**

**22 – 24**

- Interest-bearing savings account
- Money market “sweep” account (not available with all HSAs)
- Self-directed brokerage account (not available with all HSAs)

**Account fees**

**25 – 26**

- Monthly and special fees

**Keeping track of your account**

**27 – 28**

- Checking your balance online or by phone
- Online tools
- Quarterly statement

**Making your HSA go farther**

**29**

- Seven money-saving tips

**Your HSA at tax time**

**30**

- Why good record keeping is important
- Tax preparation

Look for this light teal 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 2011, unless otherwise noted, and are subject to change.

# Getting started

---

## 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. They're not taxable in most states, as well. (As of the date this handbook was published, Alabama, California, New Jersey, and Wisconsin don't recognize pre-tax contributions to the HSA at the state level.)

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 – including any contributions your employer makes – 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. See page 11 for more information.
- **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. See page 11 for more information.
- **Investment opportunity** – With Humana's HSA, your account can grow in an interest-bearing savings account at UMB Bank. Depending on the type of HSA your employer offers, you may be able to put HSA funds in a Fidelity money market account and mutual funds, as well. Of course, your funds are always available if you need them for qualified healthcare expenses. See page 22 for more information. You probably read about HSA and High Deductible Health Plan rules during enrollment, but here's a quick recap:

## **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. See page 23 for more information.

UMB Financial Corporation (NASDAQ: UMBF) is a multibank holding company headquartered in Kansas City, MO. UMB has a 95-year history, and it was one of the first banks in the country to offer Medical Savings Accounts – the predecessor of Health Savings Accounts. So you benefit from having Humana as a first point of contact for both your health plan and your HSA, while you also have access to the financial resources and guidance of UMB.

You must be covered under a High Deductible Health Plan – or HDHP – to contribute to your HSA. An HDHP is a health insurance plan. According to the IRS, an HSA-compatible HDHP 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. In 2012, the minimum deductibles are \$1,200 for single coverage and \$2,400 for family coverage. The maximum out-of-pocket expense amounts are \$6,050 for single coverage and \$12,100 for family coverage.
- 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 Benefit Plan Document for specifics.

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 your 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 claims. In this example, if you're responsible for coinsurance, we apply the extra \$50 to your percentage; any amount not needed for coinsurance is refunded to you.

# Putting money in your account

---

## When you can contribute

You can only put money in an HSA when:

1. You're covered by an HDHP.
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.

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 HDHP 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, disease 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 maximum annual contribution. Remember that your maximum 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.

### *Christopher – single coverage*

- *Christopher is enrolling in an HDHP for himself*
- *His annual deductible is \$2,000*
- *The IRS maximum for single coverage is \$3,100 – this is the 2012 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 \$3,100*

#### *Denise – family coverage*

- *Denise is enrolling in an HDHP for herself and her two children*
- *The family's deductible is \$7,000 – which is more than the IRS maximum annual contribution*
- *The IRS maximum for family coverage is \$6,250 – this is the 2012 amount, which is expected to change every year*
- *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 \$6,250*

You can contribute up to the IRS maximum even if you enroll midway through the plan year. As long as your HDHP coverage starts no later than the first day of December, you can contribute the full amount for the year. However, if you don't remain an eligible individual with HDHP 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 months you were not covered by an HDHP.

#### *Jim – enrolls mid-year*

- *Jim is enrolling in an HDHP for himself*
- *His annual deductible is \$3,100*
- *The plan year for Jim's employer is January 1 – December 31*
- *Jim joins the company in July*
- *Even though Jim is enrolling late, he is allowed to contribute up to \$3,100*
- *However, if Jim contributes the full amount and is not covered by a qualified HDHP 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 an HDHP*

For many people, the basic calculations are all you need to know to determine your maximum annual contribution. But if you're 55 years old – 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 HDHP 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 HDHP 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) and take advantage of the catch-up contribution.

### **You can make HSA contributions for a specified tax year through April 15 of the following year**

This means if you are covered by an HDHP, you can wait until April 15 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 tax filing date (April 15) 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) – as well as one-time transfers from a Flexible Spending Account (FSA) or Health Reimbursement Arrangement (HRA), if permitted by your plan – don't count toward the maximum annual contribution. If you take advantage of the IRS-allowed, one-time transfer from an Individual Retirement Account (IRA), the transfer does count toward your maximum annual contribution. For more information about transfers, see page 9.

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 could 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. Check with your employer to see if paycheck deductions are allowed.

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 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 HDHP effective date.

If you aren't covered by an HDHP 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 August 1** – even if your HDHP coverage starts right away. If you enroll in an HDHP 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. See page 15 for more information.

## Manual deposits

Besides automatic pre-tax contributions, you can make “cash contributions.” If you wish to contribute additional money to your account, you can download a deposit slip in the “Claims & Spending” section of *MyHumana*. Choose “Spending Accounts” from the drop-down and go to “HSA Tools & Forms.” Just fill out the account holder name and other required information, and then mail the deposit slip and check 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 – either through paycheck deductions, manual deposits, or automatic debits from your checking account.

Since you’ve already paid taxes on the money, you can deduct the amount of your manual 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 Archer Medical Savings Account (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” from the “Claims & Spending” section of *MyHumana*. Choose “Spending Accounts” from the drop-down and go to “HSA Tools & Forms.” Account custodians are allowed to limit fund transfers and charge fees, but UMB doesn’t have any transfer restrictions or transfer fees.

## Transfers from FSAs and HRAs

If you have unused funds in your current employer's Flexible Spending Account (FSA) or Health Reimbursement Arrangement – also known as a Personal Care Account (PCA) – you can make a one-time transfer to your HSA if allowed under your employer's plan.

Here are some FSA and HRA transfer rules:

- The transfer doesn't count toward your HSA maximum annual contribution.
- The most you can transfer is your FSA or HRA balance as of the date of the transfer or September 21, 2006 – whichever is lower. This rule means you must have had an FSA or HRA on September 21, 2006, and be continuously enrolled in the plan until the transfer occurs. This is only allowed until the end of 2011.
- You can only transfer one time from an FSA and one time from an HRA.
- You can only transfer a general-purpose FSA with a grace period.
- If you don't remain an eligible individual with HDHP coverage for at least 12 months after the transfer, you'll have to pay taxes and penalties on the amount you transferred. This provision is in effect until the end of 2011.

## 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 that 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.
- If you don't remain an eligible individual with HDHP coverage for at least 12 months after the transfer, 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 HDHP.
- You can't contribute to your HSA if you enroll in a plan that isn't an HDHP.

If you go on COBRA – which stands for the “Consolidated Omnibus Budget Reconciliation Act” – you can continue your HDHP coverage through the group health plan. COBRA only applies to the HDHP. However, being on COBRA can have an impact on your HSA:

- You can contribute money to your HSA, as long as you still have an HDHP and haven't exceeded the maximum annual contribution.
- You can use HSA funds for qualified expenses, including your COBRA premiums.
- Your employer is allowed to stop making contributions to your HSA, if you were receiving them.
- Humana transfers administration and customer service responsibility to UMB.
- UMB will issue a new bank card for you to use instead of the HumanaAccess<sup>SM</sup> Visa<sup>®</sup> 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.
- BUT you can use HSA funds for qualified expenses such as out-of-pocket costs and Medicare plan premiums – excluding Medicare Supplement (“Medigap”) premiums.

## Life events

Your employer may allow you to change your benefits when you have a “qualifying life event.” For instance:

- **Marriage** – Adding a spouse to your plan changes your HDHP coverage level from single to family, so your deductible and maximum contribution amount will change. And if you get coverage under your new spouse’s medical plan – either as your only coverage or through “dual coverage” – you can continue HSA contributions only if the spouse’s plan is an HDHP. A spouse’s healthcare FSA, PCA, or HRA also counts as other medical coverage, which means you can’t make HSA contributions. See page 5 for additional information about other coverage.
- **Divorce** – If the divorce requires a change in your HDHP coverage level, the change will have an impact on your maximum contribution amount. The settlement of assets determines the future owner of the HSA. If the settlement is to transfer the money to the spouse, the name on the account will change. The new account holder faces no tax implications and the account regulations don’t change.
- **Children** – If you previously had single coverage, adding a child to your plan changes your HDHP coverage level from single to family – so your deductible and maximum contribution amount will change.

### What is a qualifying life event?

Qualifying life events vary by employer, but they usually include:

- Marriage
- Birth or adoption
- Legal guardianship change
- Divorce
- Death of a spouse or child

## 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 secure website on **Humana.com**. A link to the form is in the "My Claims & Spending" section choose "Spending Accounts" from the drop-down and you will find it under "HSA Tools & Forms." Simply complete the form and send it to UMB.

# Spending HSA funds

---

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

## 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 money 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 **Humana.com**. Log in to *MyHumana*, go to the “Spending Accounts” page within the “Claims & Spending” section, and look for the “HSA Sample Qualified Expenses” link toward the bottom of the page. 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 April 15 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 an HDHP 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. See page 20 for instructions on how to submit your reimbursement request online or by phone.

*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.*

## HumanaAccess Card overview

For most transactions, the HumanaAccess 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 then wait for reimbursement
- It works at many healthcare provider locations, from doctors' offices to pharmacies to eye doctors

The card looks like any Visa 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 HumanaAccess Card is stolen and used for unauthorized purchases. After fraudulent behavior occurs, simply call Humana at 1-800-604-6228. If the unauthorized purchase is truly fraudulent, you aren’t financially responsible.

### **What to do when you receive your HumanaAccess Card**

Humana sends your HumanaAccess 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 activation number on the card, 1-800-292-2100, 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 from 8 a.m. to 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 HumanaAccess 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 HumanaAccess 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.
- If the doctor's office doesn't take Visa debit card payments, pay the balance another way – such as with cash or a personal check – and then get reimbursed from your HSA. See page 20 for more information.

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:

- **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 on Humana's website:

- Go to the unsecure Provider section of the site and go to "Claim Resources."
- Under "Payments" in the drop-down, click on "HumanaAccess Card."
- The Easy Pay Consent Form is toward the bottom of the page.
- **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 Claim 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 HumanaAccess Card to pay the remaining balance after the bill 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 HumanaAccess 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 marked "redeposit." The deposit slip is available from the "My Claims & Spending" section of MyHumana. Choose "Spending Accounts" from the drop-down and go to "HSA Tools & Forms." The address:

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

You can also use your HumanaAccess 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
- Select "credit" as the transaction type – the card doesn't have a PIN
- Sign the receipt and save it for your records

## Reasons the HumanaAccess Card may be declined

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

- You pressed "debit" instead of "credit"
- 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 may be 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 from 8 a.m. to 7 p.m., Eastern time. You don't have to memorize the phone number – it's on the back of the HumanaAccess Card.

## Reimbursement from your account

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

- **Online** – Log on to *MyHumana* – your secure website on **Humana.com** – and go to the “Spending Accounts” page within the “Claims & Spending” section. Select “Health Savings Account” Account in the drop-down box and follow the appropriate links. 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 two to five business days. If you choose the paper check option, you should receive a reimbursement check at your home address in seven to ten business days.
- **By phone** – Call the automated spending account Customer Service 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 person who received the service
- Name of service provider
- Total expense amount

For some services, like doctor's office visits, you can use an Explanation of Benefits (EOB) or Claims Receipt instead of a receipt. Humana provides an EOB or Claims Receipt after we process your claims. You can view and print this information on *MyHumana*. Just go to the “Claims” page within the “Claims & Spending” section 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 on MyHumana. A link to the form is in the "My Claims & 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 Service 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 and mailed at the end of each quarter.

You can find current interest rates for the UMB interest-bearing savings account in the "My Claims & 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 a money market "sweep" account or brokerage account.

## Investing your HSA is completely optional

Unless you open an HSA money market sweep account or brokerage 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, a money market sweep account, and a brokerage account – all at the same time.

## Money market “sweep” account (not available with all HSAs)

With this option, any amount over \$1,000 is “swept” from your interest-bearing savings account to a Fidelity money market fund (ticker symbol: FMPXX) automatically. If your interest-bearing savings account balance falls below \$1,000 – for instance, because of a health expense or account fees – UMB sells enough sweep account shares to replenish your savings account. As with the savings account, capital gains on the money market account are tax-exempt.

Advantages of the sweep account:

- Potential for higher earnings on your HSA dollars – be sure to verify the Money Market rate as the rates can change daily. Log in to MyHumana, go to the “Spending Accounts” page within the “My Claims & Spending” section, click on “HSA Tools & Forms,” and look for the link to the UMB Web-site under “HSA Investments.” On UMB’s Web-site under the “Individual” tab click on “Investment Options” to learn more.
- Easy and convenient – excess HSA funds go into the sweep account automatically on a daily basis
- HSA funds available when you need them – funds sweep back into the interest-bearing savings account if the balance falls below \$1,000. To open a sweep account, you must have at least \$1,000 in your interest-bearing savings account. Signing up is easy – just log on to MyHumana, go to the “Spending Accounts” page within the “My Claims & Spending” section, click on “HSA Tools & Forms,” and look for “HSA Investments.” You may elect to participate in the money market sweep account at any time, even if your HSA balance is zero. However, money will not sweep into the account until the minimum of \$1,000 is satisfied.

The sweep account isn’t available with all Humana HSAs. Check with your benefits administrator if you aren’t sure which type of HSA you have. An investment in the Fidelity money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency.

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

After your HSA balance reaches at least \$2,000, you have the option to move funds to a brokerage account through UMB Financial Services. As with the interest-bearing savings account, capital gains on the brokerage account are tax-exempt.

Advantages of the brokerage account:

- Potential for higher earnings on your HSA dollars
- All Mutual Funds are offered 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 the money market sweep or savings account, it's important to know that mutual funds are **not federally insured**, and **capital gains are not guaranteed**. With the brokerage account, you have a choice of funds from several mutual fund families:

- Invesco
- Federated
- Fidelity
- Franklin Templeton
- Oppenheimer
- UMB Scout Funds
- American Funds

To open a brokerage account, you must have at least \$2,000 in your accounts. Simply log on to MyHumana, go to the “Spending Accounts” page within the “Claims & Spending” section, click on “HSA Tools & Forms,” and look for “HSA Investments.” From there, you’ll go to the UMB Financial Services website, where you can sign up for a brokerage account and use online tools to help you choose your investments. You can also 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 to \$3.75 per month per account – may be paid by the employer, the employee, or combination of both
Money market sweep account	No charge
Monthly brokerage account fee	No charge

---

### Special fees

HumanaAccess 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

---

---

**Special fees** *(continued)*

---

Excess contribution – cost to handle and return deposits above the maximum annual contribution for family coverage plus one catch-up contribution	\$15.00 each deposit until member changes election amount or removes excess funds
---	---

Investment Trade Fee – purchase or sale of mutual funds	\$14.95 each transaction
---	--------------------------

Recurring purchases equal to or more than \$100	\$2.00 each purchase
---	----------------------

---

# Keeping track of your account

---

## Checking your balance online or by phone

To check your HSA balance online, log on to *MyHumana* – your secure website on **Humana.com** – and go to the “Spending Accounts” page in the “Claims & Spending” section. 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 ID card.

## Online tools

Your secure website on **Humana.com** offers lots of other helpful services. Log in to *MyHumana* to:

- View your account balance
- Review up to 90 days of transactions
- Request additional HumanaAccess 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 FSA and dependent care FSA planners

If you haven’t registered for *MyHumana* yet, just go to Humana’s website, click the “Register for *MyHumana*” button 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 sends a quarterly statement outlining activity for your interest-bearing savings account and money market sweep 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 brokerage 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.

### **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 farther

---

## Seven money-saving tips

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

1. **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.
2. **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.
3. **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.
4. **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.
5. **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 or a facility operated by a hospital. And freestanding diagnostic clinics usually charge less than hospital-run facilities 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.
6. **Ask your doctor about home testing and monitoring devices** – Home tests for blood pressure, diabetes, and so on 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.
7. **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 disease 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 HumanaAccess 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 January 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.

*As of the date this handbook was published, Alabama, California, New Jersey, and Wisconsin don't allow employees or employers to deduct HSA contributions.*

**HUMANA®**

FSA, PCA, and HSA spending accounts are not insured benefits;  
they are a service administered by Humana Insurance Company.