

# Aetna HealthFund® Health Savings Account

Common questions about the Aetna HealthFund Health Savings Account (HSA) ... with answers to help you understand how it works.

## General Information

### Q: What is a Health Savings Account (HSA)?

**A:** An HSA is a special, tax-advantaged<sup>1</sup> account — meaning money goes in tax free, earns interest tax free and is not taxed when it's withdrawn to pay for qualified expenses.

- You, your employer or an eligible family member may make contributions to your HSA.
- Your HSA dollars earn interest, tax free.
- At the end of the year, any money remaining in your HSA rolls over to the next year.
- You own your HSA, so you keep the funds even if you change jobs or health insurance plans.
- You can withdraw money directly from your HSA using your Aetna HSA debit card or checks to cover qualified expenses. Or, allow the account to grow over time and use it to help pay for future health-related expenses — like long-term care insurance premiums, COBRA premiums and certain retiree expenses.

### Q: Is there an annual “cap” or maximum amount that may be contributed to my HSA?

**A:** HSA contributions are limited to your Aetna High Deductible Health Plan's (HDHP) annual deductible (determined by your employer), or \$2,650 for an individual and \$5,250 for a family,<sup>2</sup> whichever is less. If you participate in a HDHP for less than the entire taxable year, the limit is prorated on a monthly basis. These limits will be adjusted for inflation in future years.

### Q: Who is eligible for an HSA?

**A:** To be eligible, you must be covered by a “high-deductible” health plan (a deductible of at least \$1,000 for individuals and \$2,000 for families<sup>2</sup> — adjusted each year for cost of living). You cannot have other health insurance coverage (including a spouse's plan) that is NOT a “high-deductible” plan. You may not contribute to an HSA once you are eligible for and enrolled in Medicare.

<sup>1</sup>Employers and employees should consult with their tax advisor to determine eligibility requirements and tax advantages for participating in the HSA plan.

<sup>2</sup>2005 maximums will be adjusted for cost of living in future years.

## HSA Advantages

### Q: What happens to any remaining money in my HSA at the end of the year?

**A:** At the end of the year, any money remaining carries over to the next year.

### Q: Are contributions to my HSA tax deductible or not tax-deductible?

**A:** If contributions to your HSA are made with pre-tax dollars (money that has not been subject to income tax), those contributions are not considered taxable income and therefore are not tax-deductible. If contributions to your HSA are made with post-tax dollars (money that has already been subject to income tax), those contributions are tax-deductible.

**Note:** Check with your employer and/or tax advisor for details about how contributions are made to the plan.

### Q: Does the money in my HSA earn interest?

**A:** Yes — your HSA can grow over time! Your funds earn interest tax free. There is no minimum balance required to earn interest.

### Q: What happens to my HSA if I leave my health plan or job?

**A:** You own your account, so you keep your HSA, even if you change health insurance plans or jobs. We can continue to administer your HSA account if you choose. If you no longer are enrolled in a high-deductible health plan, you are not eligible to make new contributions to your HSA, but you can continue to withdraw funds for qualified expenses.

### Q: What are the survivor benefits associated with my HSA?

**A:** Your HSA may transfer to your surviving spouse tax free, if you name them as your beneficiary. If you do not name a beneficiary, or if you name someone other than your spouse as your beneficiary, then the distribution will be taxable.

## Setting Up Your HSA

### Q: Who can contribute to my HSA?

**A:** You, your employer or an eligible family member — or any combination — may make contributions to your HSA, up to the annual contribution limit.

## Frequently Asked Questions

### Q: How do I contribute to my HSA?

**A:** You may contribute to your account through payroll deductions (if available), authorizing funds to be deducted from your designated bank account through electronic funds transfer (EFT), or you may make a lump sum contribution at any time, in any amount up to the maximum limit. Depending on your plan design, your contributions may be made before taxes are taken from your paycheck. If not, you can claim your total amount contributed for the year as a tax deduction when you file your income taxes. You have until April 15 of the following year to make HSA contributions for the current year.

### Q: When will contributions to my account be available for withdrawal?

**A:** HSA contributions will be available for withdrawal when funds are deposited. HSA contributions made by payroll deduction are pro-rated over the course of the plan year based on payroll schedules. HSA contributions may also be made on a lump sum basis at any time during the plan year. The availability of funds is dependent upon how funds are contributed (payroll deduction or periodic, lump sum contributions) and varies by individual.

### Q: How do I withdraw money from my HSA?

**A:** Once you've made contributions to your account, you can then use your Aetna HSA debit card or checks to get instant access to your HSA dollars to pay for qualified out-of-pocket expenses quickly and easily. Use your HSA debit card or checks, not your cash.



## Using Your HSA

### Q: How does the Aetna HealthFund HSA work?

**A:** To understand how the HSA works, let's review its components.

#### The Health Savings Account

- Start by making a contribution. There is no minimum amount required, but there is an annual maximum.
- When you have a qualified expense (e.g. doctor visit, prescription refill), you may withdraw money from your HSA, tax free, to be reimbursed for this out-of-pocket expense, including what you pay toward the deductible. Or, when you have a claim, you can choose to pay from other funds and allow your HSA to grow over time and use it for future health-related expenses.
- Any unused dollars roll over year after year.
- You own your HSA, so you keep it even if you change health plans or jobs.
- Fund the HSA every year. This will lower your taxes and help you build a larger savings for future health care expenses.

#### The Medical and Prescription Drug Plan

You can seek care from any licensed health care professional or hospital for covered services — without a referral.

- **Preventive Care.** The plan typically includes preventive care coverage (for routine physicals, immunizations and screenings) — typically paid at a copay or coinsurance amount, not subject to deductible — to encourage you to receive these important services.
- **The Deductible.** The plan includes an annual deductible — the amount you pay out-of-pocket before the medical coverage begins payment for qualified expenses.

- **Medical Coverage.** When the deductible is met, the medical coverage (usually a percentage) begins for covered expenses. The medical plan also includes an annual out-of-pocket maximum to limit the amount you pay out-of-pocket in a given year — meaning once you reach the maximum, the plan pays 100 percent of your covered medical expenses for the remainder of the year.

- **Prescription Drug Coverage.** When you fill a prescription, you will pay the cost of the prescription, until the deductible has been met. With Aetna participating pharmacies, your prescription drug price may be lower because we have negotiated pricing on behalf of our members. Once the deductible has been met, you may pay either a copayment or coinsurance for each prescription you fill that is covered under your plan. Refer to your benefits summary for additional details.

### Q: What online resources are available to help me use my HSA?

**A:** When you enroll in the Aetna HealthFund HSA, you get access to a suite of online resources.

- **Aetna Navigator™ member website:** Your personalized, self-service website is packed with health and benefits information. When you register, you can order ID cards, check eligibility or claim status, compare area hospitals, estimate the cost of a prescription, gather health information and much more.
- **DocFind® online directory:** You can check this list for participating doctors, hospitals and other health care professionals. DocFind also includes important credentials like education, board certification and languages spoken.

### Q: What expenses can I pay for with my HSA?

**A:** Your HSA can be used to pay for most “qualified expenses,” as defined by IRS Code 213(d). These expenses include, but are not limited to, medical plan deductibles, diagnostic services covered by your plan, health insurance premiums if you are receiving federal unemployment compensation, over-the-counter drugs, LASIK surgery and some nursing services.

When you become age 65, you can use the account to purchase any health insurance other than a Medigap policy. You may not, however, continue to make contributions to your HSA once you are enrolled in Medicare.

For the complete list of IRS-allowable expenses, you can request a copy of IRS Publication 502 by calling 1-800-829-3676, or visit the IRS website at [www.irs.gov](http://www.irs.gov) and click on “Forms and Publications.”

### Q: Can I use my HSA to pay for non-health-related expenses?

**A:** Yes. You may withdraw money from your HSA for items other than qualified expenses, but it will be subject to income tax (unless you are age 65 or disabled) and an additional 10 percent penalty tax on the amount withdrawn.

### Q: How can I keep track of my HSA balance?

**A:** You can track your HSA account activity online anytime — day or night. Upon request, you may receive monthly statements that show any contributions to, withdrawals from, and interest earned on your account.

## Learn More

### Q: How can I learn more about Aetna HealthFund HSA?

- A:** There are several ways.
- Speak with your human resources representative.
  - Read the information in your enrollment kit.
  - Visit the secure Aetna Navigator site during enrollment to see the resources and information available to you when you enroll.

**Aetna is the brand name used for products and services provided by one or more of the Aetna group of subsidiary companies. The Aetna company that offers, underwrites or administers benefit coverage is Aetna Life Insurance Company.**

Plans contain exclusions and limitations. For cost and complete details of coverage, contact your Aetna representative or broker.

Features of this plan may vary based on the specific terms established by your employer. Please read your benefits materials carefully. Health Savings Accounts are not insured benefits. Credited interest rates are subject to change.

Aetna HealthFund HSA may not be available in all states. With the exception of the Aetna Rx Home Delivery® service, participating providers are independent contractors in private practice and are neither employees nor agents of Aetna or its affiliates. The availability of any particular provider cannot be guaranteed, and provider network composition is subject to change.

Aetna HealthFund HSA withdrawals are to be used for qualified medical expenses. Withdrawals will be made at the Account Holder's discretion. Withdrawals that are not for qualified medical expenses are taxable and will be subject to penalty taxes in certain circumstances.

Aetna does not act as tax or legal advisor of the Account Holder with respect to Account Holder's HSA. HSA contributions are not subject to Federal and most state and local taxes. Please consult your tax advisor for further details.

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