Indiana University Health

Frequently Asked Questions about
IU Health
Employee Medical Plans
Updated
January 1, 2012

How do I know which medical plan option(s) are available to me this year?
Eligibility for the medical plan offerings for employees of IU Health is determined by your county of residence. Employees who live in a county well represented by IU Health and IU Health-affiliated facilities and physicians and specialists can choose **Quality Plan I – Select** or the new **Quality Plan I – High Deductible Health Plan (HDHP)**; or they can choose to use both IU Health-affiliated providers/facilities and non-IU Health providers, by enrolling in **Quality Plan II**.

(Covered Indiana counties include; Benton,Blackford, Boone, Brown, Carroll, Clinton, Delaware, Hamilton, Hancock, Hendricks, Howard, Johnson, Lawrence, Marion, Martin, Monroe, Morgan, Owen, Tippecanoe, Tipton, Vermillion, Vigo and White counties.)

While Quality Plan II has a wider network of physicians from which to choose, participants also must pay a substantially higher premium.
Employees who live in other Indiana counties or outside Indiana qualify for **Quality Plan – Out of Area**, or Quality Plan - HDHP – Out of Area which carries the same premiums as Quality Plan I – Select, or the Quality Plan I - HDHP

I am planning to enroll in Quality Plan I – Select but am responsible for providing medical coverage for my children who live out of state. How would this work?
Employees who live within the 23-county area listed above have the option of enrolling in Quality Plan I – Select, Quality Plan II or the Quality Plan I - HDHP. However, if they have covered dependents that live out of state, the employee may consider enrollment in Quality Plan II so that a network of providers is available for the dependents.

What is the eligibility for dependent children?
As a result of the new health care bill, eligibility for adult children has been extended to the end of the month of their 26th birthday. During the enrollment process, employees will be able to enroll adult children – even if they are not fulltime students. Proof of eligibility will be required for newly enrolled dependents - a birth certificate, in most situations.

What happens if I move during the year?
If you are enrolled in Quality Plan I – Select, Quality Plan II or Quality Plan I – HDHP and move to a county not represented by the IU Health Business Solutions Network, your medical election will change to Quality Plan – Out of Area or Quality Plan – HDHP – Out of Area (depending on which plan you were enrolled in). Premiums for the Quality Plan - Out of Area plan are the same as premiums for Quality Plan I. Premiums for the Quality Plan – HDHP – Out of Area are the same as premiums for Quality Plan I - HDHP Both are lower than Quality Plan II premiums.

If you are enrolled in one of the Out of Area plans and move to a county served by the IU Health Business Solutions Network, your medical plan election will change to Quality Plan I

– Select or Quality Plan I - HDHP and you will receive information about selecting a PCP. Should you prefer to enroll in Quality Plan II, contact the IU Health HR Service Center at 317.962.7900 or your local benefits office and make this change. (Keep in mind that although the Quality Plan II network is larger, the premiums are considerably higher.)

Why is the Quality Plan II premium higher than the premiums for the other two medical plans?
Although IU Health is committed to providing employees with choices regarding where they obtain medical care for themselves and their covered dependents, it recognizes the importance of encouraging employees to seek inpatient and outpatient care and to purchase prescription medications within the organization. For this reason, employees selecting Quality Plan II will pay higher premiums and deductibles in addition to potentially higher out-of-pocket maximums and coinsurance levels for inpatient/outpatient care provided by non-IU Health affiliated providers.

Why isn't the premium for the HDHP relative to the premium for Quality Plan I - Select substantially lower based upon the higher deductible assumed by the individual/family?

There are two factors that impacted the pricing difference between the two plans. The first factor is the contribution from IU Health into an employee's Health Savings Account (HSA). IU Health will contribute $500 for individual coverage and $1,000 for all other coverage levels into the employee's HSA (contribution amount is pro-rated based upon when your HSA is set up). Therefore, instead of a difference for a single employee deductible of $400 for Quality Plan I -Select and $1,750 for Quality Plan I – HDHP, a truer comparison is $400 to $1,250 ($1,750 minus the $500 Employer contribution to the HSA).

The second factor is the comparison of out-of-pocket maximums between the two plans. With the Quality Plan I – HDHP once an employee meets the calendar year out-of-pocket maximum (which includes the deductible) of $4,250 (your cost would only be $3,750 if you deduct the $500 IU Health contributes into your HSA), the plan pays 100% of all future eligible charges. Compare this to Quality Plan I – Select where an employee pays a $400 deductible, a $2,000 coinsurance maximum PLUS any office visit co-pays, prescription co-pays for the remainder of the year.

How do I tell a healthcare provider which IU Health medical plan I am on?
Your medical plan ID card will indicate Quality Plan I – Select, Quality Plan II
Quality Plan – Out of Area, Quality Plan I – HDHP or Quality Plan - HDHP – Out of Area.

What is HealthSmart?
HealthSmart is the third party administrator for the self-insured IU Health medical plans. The staff assists employees with plan-related questions and processes claims.

Do I have to pick a primary care physician (PCP) for myself and each of my dependents? How can I change a PCP?
If you are enrolled in Quality Plan I – Select or Quality Plan I - HDHP you must select a PCP for every covered member. You can call HeathSmart at 800.228.3613 to change a PCP.

How do I find out which doctors are in the Quality Plan I - Select, Quality Plan II, Quality Plan – Out of Area, Quality Plan I – HDHP or Quality Plan - HDHP – Out of Area?
Log on to the HealthSmart website at www.healthsmart.com/iuhealthehp.aspx and find the provider listings for each plan. You can search by provider name (make sure you have the correct spelling), specialty (i.e. cardiovascular, podiatry) or by location. Just because a doctor is an IU Health physician does not mean that physician has chosen to participate in Quality Plan I – Select or Quality Plan I - HDHP. Always look to see if the provider or facility is listed within –these networks by logging onto the HealthSmart website or through Pulse.

What if the directory indicates that my current physician is not accepting new patients? Will I have to find a new PCP?
If you are currently the patient of a physician in the IU Health Business Solutions Network, you will be able to choose that physician as your PCP. (The directory will indicate "current patients only" for any provider not accepting new patients.)

What if I see a physician within the network who is not my PCP?
For non-HDHP members, as long as the physician is within the IU Health Business Solutions Network, your
responsibility will be either the $20 co-pay (primary care visit) or the $35 co-pay (specialist visit). The plan will be responsible for the balance. For HDHP members, once your deductible is met, your responsibility will be the 20% coinsurance. The plan will be responsible for the balance.

Do I need to get a referral to see a specialist?
Our plans do not require a referral to see a specialist – including an OB/GYN. However, be sure to confirm that any specialist you visit is an in-network provider. Log on to the HealthSmart website at www.healthsmart.com/iuhealthehp.aspx to find the provider listings for each plan.

What should I do if my PCP refers me to a specialist or a facility for a procedure?
It is your responsibility to make sure that the referral is to an in-network physician or facility in order for the charges to be covered. If the referral is not to an in-network provider, ask your physician for an in-network referral. Log on to the HealthSmart website at www.healthsmart.com/iuhealthehp.aspx to find the provider listings for each plan.

What if I need care from a specialist and there are no in-network options within 30 miles of my home?
If you cannot find an in-network provider on the HealthSmart website at www.healthsmart.com/iuhealthehp.aspx to treat your condition, call HealthSmart Customer Service at 800.228.3613 and ask to be transferred to Medical Management to discuss your provider need.

What happens if I am admitted to an in-network hospital for a surgery and I get a bill for denied anesthesiology charges because the provider is not in network?
The first thing to remember is that you met your requirement of using an in network hospital and that the anesthesiology charge will be eligible even if done by a non-network physician. If this happens to you, call HealthSmart Customer Service at 800.228.3613 and alert them to the problem. HealthSmart will review the bill and make appropriate adjustments.

How much should I expect to pay for an outpatient service like an MRI at an IU Health facility if I am enrolled in Quality Plan I - Select?
If the MRI bill was $8,000 and you have not satisfied any portion of your deductible for the year, the cost to you would be as follows: $400 deductible (Quality Plan I – Select) plus $100 Advanced Imaging co-pay and then 10 percent of the remaining balance or $750 - for a total out-of-pocket cost of $1,250.

How much should I expect to pay for an outpatient service like an MRI at an IU Health facility if I am enrolled in Quality Plan I - HDHP?
If the MRI bill was $8,000 and you have not satisfied any portion of your deductible for the year, the cost to you would be as follows: $1,750 deductible (Quality Plan I – HDHP) and then 20 percent of the remaining balance or $1,250 - for a total out-of-pocket cost of $3,000.

Prescription Medications

How do I learn about the pharmacy benefit, whether my prescriptions are covered and how much I would pay for a prescription?
Prescription formulary information is on the HealthSmart website at www.healthsmart.com/iuhealthehp.aspx The homepage includes options such as formulary listing, pharmacy addresses and even a prescription reimbursement form. If you can't find an answer to your question there, call the pharmacy help line at 317.963.3345 or HealthSmart at
866.844.9838.

How can I fill a prescription if the IU Health pharmacies are closed?
IU Health retail pharmacies have extended their hours, including Saturdays, to accommodate IU Health employees. These extended hours allow most prescriptions to be filled at the IU Health pharmacies for the lower co-payments.
View the pharmacy hours online at
http://www.healthsmart.com/pdfs/members/iuh/EHP-Pharmacies-Retail.pdf.
Higher co-payments for prescriptions filled at a non-IU Health pharmacy are the responsibility of the patient, unless the prescription is for an emergency medication.

What if I need an emergency medication?
Emergency circumstances that require a patient to fill a prescription after hours at a non-IU Health pharmacy will be reviewed on an individual basis. For emergency fills during IU Health Retail Pharmacy hours, your pharmacy can call 963.3345 for authorization to apply the in-network co-pay. Beyond these hours, please direct your pharmacy to call 888.765.9575 for the in-network co-pay (or coinsurance amount for HDHP's) at the point of sale. Patients can also fill out a Reimbursement Request Form (available online at http://www.healthsmart.com/pdfs/members/iuh/All-Prescription- ReimForm.pdf) and submit it for review. If the prescription is deemed to be an emergency situation, then prescription

charges in excess of the in-network co-payment will be reimbursed to the patient. Refills for medications treating chronic conditions are expected to be planned in advance, filled at IU Health retail pharmacies only, and will not be deemed as an emergency fill.

What is the prescription co-pay for a Tier 4 (Specialty, Bio-med) drug in 2012 for employees enrolled in a non-HDHP?
The maximum co-pay for a Tier 4 drug will decrease from $200 to $150 for a 30-day supply.

If I am a Tier 1 employee (full-time base pay less than or equal to $32,496) enrolled in a non-HDHP medical plan and I or one of my enrolled dependent is diabetic, what are my prescription co-pays for diabetes prescriptions?
In 2012, your co-pays for diabetes prescriptions filled at an IU Health Pharmacy will be waived.

After-hours care

What if my child gets sick in the middle of the night?
If it is a life-threatening issue, call 911 or go to the nearest ER. If it is not life threatening but you are unsure what to do, call the Healthy Results 24-hour Nurse Line. This free service is available 24/7 – call 963.WELL or 866.620.0202. Select option 1 to connect with an IU Health operator. A registered nurse will call you back, usually within 30 minutes.

If I have an emergency or need to go to an Urgent Care Center, what are my options if I am enrolled in a non-HDHP?
If you have a life-threatening emergency, you can go to any ER and know that reimbursement will be made at 100 percent (after your $100 co-pay, if you are not admitted). If the visit is not designated as life-threatening, the plan will pay nothing toward the claim.
If you know your health condition is not life-threatening, you can go to an Urgent Care Center. Access a list of contracted Urgent Care Centers at www.healthsmart.com/iuhealthehp.aspx. Any of these centers will see you with a $35 co-pay; they are not, however, the only Urgent Care Centers where you can be seen. The plan will cover a visit to any Urgent Care Center, but cannot guarantee that non-contracted centers will see you with only the $35 co-pay. If the center charges you the full cost of the visit, submit the bill to HealthSmart and you will be reimbursed for everything except the $35 co-pay.

If I have an emergency or need to go to an Urgent Care Center, what are my options if I am enrolled in an HDHP?
If you have a life-threatening emergency, you can go to any ER and know that reimbursement will be made at 80 percent (after deductible has been met). If the visit is not determined to be life-threatening, the plan will pay nothing toward the claim.
If you know your health condition is not life-threatening, you can go to an Urgent Care Center. Access a list of contracted Urgent Care Centers at www.healthsmart.com/iuhealthehp.aspx. Any of these centers will see you with a 20% coinsurance (after the deductible has been met); they are not, however, the only Urgent Care Centers where you can be seen. The plan will cover a visit to any Urgent Care Center, but cannot guarantee that non-contracted centers will see you with only the 20% coinsurance. If the center charges you the full cost of the visit, submit the bill to HealthSmart

and you will be reimbursed for everything except the 20% coinsurance (after deductible has been met).

MinuteClinic

What services does MinuteClinic provide?

- Treatment for common illnesses (strep throat, sinusitis, infections)
- Minor abrasions, strains, cuts
- Skin conditions such as poison ivy

How much does treatment at MinuteClinic cost? Does insurance cover it?
MinuteClinic is an in-network provider for IU Health Quality employee health plans. IU Health employees and dependents enrolled in a non-HDHP plan are responsible for a $20 co-pay when visiting a participating CVS MinuteClinic. IU Health employees and dependents enrolled in an HDHP plan are responsible for a 20% coinsurance (after deductible is met) when visiting a participating CVS MinuteClinic.

What are MinuteClinic hours?
Indiana MinuteClinics are open Mon.-Fri., 8 am to 7 pm; Sat., 9 am to 5:30 pm, and Sun., 10 am to 5:30 pm. MinuteClinics are walk-in clinics; no appointment is needed.

What if the patient has a serious problem or a chronic condition?
MinuteClinic is not designed to address serious conditions that require the services of a hospital Emergency Department, urgent care center or primary care physician.

If I visit a MinuteClinic and receive a prescription, can it be filled at CVS?
The lower prescription co-pays or coinsurance (after deductible is met) for individuals enrolled in IU Health Quality employee medical plans apply to prescriptions filled at an IU Health or IU Health-affiliated retail pharmacy. Prescriptions filled at other retail pharmacies, including CVS, will be processed with the out-of-network co-pay and coinsurance (after deductible is met) amounts, unless the prescription is for an “emergency medication.” Outside pharmacies can call 317.963.3345 during IU Health Retail Pharmacy hours to request “emergency medication” authorization that would qualify for the in-network co-pay; after hours, the pharmacy should call 888.765.9575.

Why is IU Health collaborating with MinuteClinic?
Through this collaboration, we’re expanding our ability to serve patients in the community through hospitals, urgent care centers, specialty centers and now, walk-in medical clinics in select CVS/pharmacy stores. The collaboration offers another convenient access point to high-quality, affordable medical care, especially during off-hours and weekends.

When should I use a MinuteClinic?
MinuteClinic can be used when your PCP is unavailable, during off-hours and on weekends. MinuteClinic staff is trained to diagnose, treat and write prescriptions for common illnesses and skin conditions.

Do physicians staff MinuteClinic locations?
No, MinuteClinic medical clinics are staffed by nurse practitioners who specialize in family health care. Physicians affiliated with IU Health serve as medical directors for all of the participating clinics (except Jeffersonville and Munster), review charts for quality and are available for consultation when needed. (The medical directors' services are paid for by MinuteClinic; there is no financial investment by IU Health.)

Can a MinuteClinic serve as a primary care physician?
The MinuteClinic collaboration is intended to complement the work of IU Health's primary care physicians (PCPs) by supporting their efforts in providing convenient and accessible care. **MinuteClinic is not meant to replace a patient's personal PCP**.

How many MinuteClinic locations currently exist, and which ones will IU Health work with in Indiana?
MinuteClinic operates approximately 500 locations throughout the country. IU Health is collaborating with 21 walk-in medical clinics inside select Indiana CVS pharmacy/stores. This includes 17 in the Indianapolis area, one in Bloomington, one in West Lafayette, one in Jeffersonville and one in Munster. IU Health physicians serve as medical directors for all of the participating locations except Munster and Jeffersonville.

Is there a MinuteClinic in each CVS pharmacy?
No, MinuteClinic locations are only in select CVS pharmacies.

MinuteClinic in IN
Please click on the clinic name below to see hours, address, and driving directions for that clinic.

38th at German Church Flu vaccine: yes	Carmel Flu vaccine: yes	Mooresville Flu vaccine: yes
71st and Binford Flu vaccine: yes	Carmel 131st & Towne Flu vaccine: yes	New Palestine Flu vaccine: yes
79th and Fall Creek Flu vaccine: yes	County Line Road Flu vaccine: yes	Noblesville Flu vaccine: no
86th and Ditch Flu vaccine: yes	Greenwood Flu vaccine: yes	West Lafayette Flu vaccine: yes
96th and Allisonville Road Flu vaccine: yes	Indianapolis Cunningham Road Flu vaccine: yes	Westfield Flu vaccine: yes
Avon Flu vaccine: yes	Indianapolis-Meridian & 16th Flu vaccine: yes	Zionsville Flu vaccine: yes

Bloomington	Jeffersonville
Flu vaccine: yes	Flu vaccine: yes

High Deductible Health Plan with Health Savings Account

What is a Health Savings Account (HSA)?

A Health Savings Account (HSA) is a special tax-advantaged savings account similar to a traditional Individual Retirement Account (IRA) but designated for medical expenses. An HSA allows you to pay for current covered healthcare expenses and save for future qualified medical and retiree healthcare expenses on a tax-favored basis. HSAs provide triple-tax advantages: contributions, investment earnings and qualified distributions are all exempt from federal income tax, FICA (Social Security and Medicare) tax and state income taxes (for most states). Consult your financial advisor or State Department of Revenue for more information on how these rules may apply to your personal tax situation. Unused HSA dollars roll over from year to year, making HSAs a convenient and easy way to save and invest for future medical expenses. You own your HSA at all times and can take it with you when you change medical plans, change jobs or retire. This means the funds in the account (both yours and IU Health's) are non-forfeitable and are portable. Funds in the account not needed for near-term expenses may be invested, providing the opportunity for funds to grow. Investment options include money market accounts, mutual funds, etc. To be eligible to set up an HSA and to make annual contributions, you must be covered by a qualified High Deductible Health Plan (HDHP) and meet other eligibility requirements as defined by the IRS.

How does an HSA work?

Basic Overview:

-- To be eligible to contribute to an HSA, you must be covered by a qualified High Deductible Health Plan (HDHP) and have no other first-dollar coverage.
-- You may use your HSA to help pay for medical expenses covered under a High Deductible Health Plan, as well as for other common qualified medical expenses.
-- Unused HSA funds remain in your account for later use, and can be invested in a choice of investment options, providing the opportunity for funds to grow.
HSAs work in conjunction with an HDHP. All the money you (or IU Health) deposit into your HSA up to the maximum annual contribution limit is 100 percent tax-deductible for federal income tax, FICA (Social Security and Medicare) tax, and state income tax. This makes HSA dollars tax-free. 2

Consult your financial advisor or State Department of Revenue for more information about how these rules may apply to your personal tax situation. You can use these tax-free dollars to pay for expenses covered under your HDHP until you meet your deductible. The insurance company pays covered medical expenses above your deductible, except for any coinsurance; you can pay coinsurance costs with tax-free money from your HSA. In addition, you can use tax-free dollars for qualified medical expenses not covered by the HDHP, such as dental, vision and alternative medicines. The funds in the account also can be used for other, non-medical expenses, but then your dollars are subject to ordinary taxes, plus a 20 percent penalty if you are under age 65. The penalty does not apply if the distribution occurs after you reach age 65, become disabled or die; however, ordinary income tax may still apply. Funds remaining in your account at year-end cannot be forfeited; they roll over and accumulate for your future healthcare expenses. You may choose not to spend your HSA dollars on small expenses, instead using after-tax dollars to meet these expenses, and leaving your HSA dollars to grow for future needs. Choosing which expenses to spend your HSA dollars on and which to pay out-of-pocket with after-tax dollars is entirely up to you.

Who is eligible to open an HSA?
If you meet all the criteria listed below you are eligible to open and contribute to an HSA. The Medicare Act of 2003, which established HSAs, defines "eligible individuals" as those who:
-- are covered by a qualified High Deductible Health Plan (HDHP);
-- are not covered by another healthcare plan, such as a health plan sponsored by your spouse's employer, Medicare or TriCare; and
-- cannot be claimed as a dependent on another individual's tax return.
You may still open and contribute to an HSA if you have certain limited coverages approved by the IRS, such as dental, vision and long-term care insurance. And you are still eligible to establish an HSA if you are entitled to benefits under an Employee Assistance Plan (EAP), disease management or wellness program or have a discount card for prescriptions.
You are not eligible to open and contribute to an HSA if your spouse has a general purpose FSA account and your medical expenses are eligible for reimbursement from that FSA account.

How is money deposited to my HSA?
Money may be deposited to your HSA through payroll deduction or you may make deposits directly to your account. Deposits may be made periodically or in a lump sum.

Payroll deductions: You may specify a regular contribution to be deducted from your paycheck. This contribution will be made before Social Security, federal and state income taxes are deducted.

After-tax contributions: You may choose to make all or part of your annual account contributions to your HSA by making "after-tax" contributions to your account. These contributions, which you can make by writing a personal check, may be deducted on your income tax return, using IRS Form 1040 and Form 8889.

IU Health will make contributions to your account as well (total annual contribution of $500 per individual/$1,000 per family contributed over 24 pays and prorated based on when your HSA becomes effective). While you do not take a deduction for these contributions, they are excluded from your gross income. Contributions from all sources including employer and personal contributions must be added together for purposes of determining whether you are within the IRS maximum contribution limits for the year. **Note:** You will use IRS Form 1040 for your HSA contributions, not the short Form 1040A or 1040EZ. This deduction is taken "above the line" -- you do not need to itemize contributions on Schedule A to claim the deduction for HSA contributions. **A tip:** You can contribute up to the maximum allowed for the year at any time up to Apr. 15 of the following year. (For example, you can deduct an additional after-tax contribution on your 2011 income tax return when you file your 2011 tax return in 2012.)

Why establish an HSA? What are the advantages?
There are many advantages to establishing and funding an HSA account including:
-- Contributions through payroll deposits are usually made with pre-tax dollars, meaning they are not subject to federal income taxes (or state income taxes in most states).
-- Contributions to your HSA made with after-tax dollars can be deducted from your gross income, meaning you pay less income tax at the end of the year.
-- Employers may make contributions to your account; these contributions are excluded from your gross income.
-- Withdrawals from your HSA for qualified medical expenses are not subject to federal income tax. As long as you use your HSA funds for qualified medical expenses, you will not have to pay federal (or state, for most states) income taxes.
-- Unused funds accumulate over time and remain available for future medical expenses.
-- Contributions can come from multiple sources including yourself, your employer, family members, or anyone else also may contribute to your HSA up to the maximum annual contribution limit.
-- The interest you earn on your HSA balance is not subject to federal income taxes (or state income taxes in most states).
In addition, HSA accounts are flexible and portable as described below:

Flexible: The money is yours; it grows and remains with you, even when you change medical plans, change employers or retire. There are no "use it or lose it" rules. Even if you are no longer eligible to make contributions, funds in your account may still be used to pay for qualified medical expenses tax-free. And after age 65, or in cases of disability, the funds in the account can be used for non-qualified expenses.

Portable: Accounts move with you when you change medical plans, change employers or retire.

What is a High Deductible Health Plan (HDHP)?
With a High Deductible Health Plan, you have the security of comprehensive healthcare coverage. Like a traditional plan, you are responsible for paying for your qualified medical expenses up to the in-network deductible ($1,750 per person/$3,500 per family); however, the deductible will be higher, and you can use HSA funds to pay for these expenses. After the annual deductible is met, you are responsible only for a portion of your medical expenses through coinsurance, just as with a traditional health plan.

How do HSAs differ from healthcare Flexible Spending Accounts (FSAs)?
Both HSAs and FSAs allow you to pay for qualified medical expenses with pre-tax dollars. One key difference, however, is that HSA balances can roll over from year to year, while FSA money left unspent at the end of the year is forfeited. You may contribute to both an HSA and a Limited Purpose FSA. A Limited Purpose FSA is an FSA that may only be used to pay for certain permitted healthcare expenses not otherwise covered by your High Deductible Health Plan such as:
-- Vision expenses including glasses, frames, contacts, prescription sunglasses, goggles, vision co-payments, optometrists or ophthalmologist fees and corrective eye surgery
-- Dental expenses, including dental care, deductibles and co-payments, braces, x-rays, fillings and dentures

In addition, with an HSA, you can only use funds already contributed to your account for eligible expenses. If desired, you can wait until sufficient funds have accumulated in your HSA and then reimburse yourself at the time for previously incurred eligible expenses.

How is an HSA different from a savings account?
The funds in a regular savings account do not have the tax advantages of an HSA.

What if I go outside the network for my medical care?
Claims for non-network healthcare providers can be paid for through the HSA but will not count toward your in-network deductible or out-of-pocket maximum.

Can my spouse and I have a joint HSA, like our regular checking account?
No, an HSA is an individual account; only one person can be named the account owner. If both you and your spouse have qualified HDHP coverage and you both want to make contributions to an HSA, you must each have your own account. If both you and your spouse have family coverage under qualified HDHPs, the tax-deductible HSA contribution (including employer contributions) that may be made to both accounts is limited to a single IRS maximum contribution for family coverage. In 2012, that amount is 46,250.

Why is IU Health offering an HSA in conjunction with the HDHP?
Offering an HSA is an excellent way to help you save for future medical expenses and pay for current expenses with tremendous tax advantages. In addition, HSAs offer investment opportunities unavailable through other reimbursement plans.

Eligibility and Enrollment

Can I have an HSA in addition to an IRA or other qualified retirement plan?
Yes, you can have both an HSA and an IRA. Although HSAs operate under many of the same rules that apply to traditional IRAs, an HSA is not an IRA; it is a tax-advantaged savings account for current and future medical expenses. (However, it may be used to pay for non-medical expenses without penalty after the account holder turns 65, so it can be used to save for retirement.)

My spouse's employer provides low-deductible family coverage at no cost. I am covered under my spouse's plan. If I enroll in my employer's qualified HDHP, am I eligible for an HSA?
Since you are covered under your spouse’s plan (assuming that your spouse plan is not an HDHP), you would not be eligible to enroll in IU Health’s HDHP and HSA.

I am eligible for Veterans Affairs (VA) benefits, but I haven't used these benefits for more than three months. I'm also currently enrolled in a qualified HDHP. Am I eligible for an HSA?
Yes, as long as you haven't received any VA medical benefits other than benefits like dental, vision or preventive care benefits during the preceding three months, and you are currently enrolled in a qualified HDHP, then you are eligible to open and contribute to an HSA.

I am 65 years old, which makes me eligible for Medicare, but I'm still working and have kept my employer's health plan instead of enrolling in Medicare. If I enroll in the qualified HDHP, am I eligible to open an HSA?
Yes. You are eligible to open and contribute to an HSA as long as you are not enrolled in benefits under Medicare—including Medicare A—and are covered by a qualified HDHP.

If I elect the HDHP offered by IU Health, can I contribute to an HSA?
Yes. If you choose to be covered by the HDHP, you may open and contribute to an HSA.

If I elect a dental plan and the vision plan offered by IU Health, along with the HDHP, can I contribute to an HSA?
Yes. As long as you are covered by the HDHP you may also be covered for any benefit provided by "permitted insurance" as defined by IRS code. Permitted insurance includes insurance for a specified disease or illness, such as cancer, diabetes, asthma or congestive heart failure. Other permitted insurances include policies that provide coverage for accidents, disability, dental care, vision care or long-term care.

What is first-dollar coverage?
First-dollar coverage means that you may receive a reimbursement for expenses immediately, without first meeting a deductible. First-dollar benefits paid for "permitted insurance" expenses (such as vision and dental paid through a Limited Purpose FSA) or preventive care do not disqualify you from making HSA contributions.

What first-dollar benefits make me ineligible for an HSA?
First-dollar reimbursements for covered expenses from the following may make you ineligible for an HSA:
-- Medicare
-- Medicaid
-- Flexible Spending Account (FSA)
-- Health Reimbursement Account (HRA)
-- Coverage under a spouse's plan, including:
-- Low-deductible insurance coverage
-- FSA or HRA through spouse's employer

Are there any age restrictions regarding opening an HSA?
The only age-related restriction for HSAs is that once an HSA account owner enrolls in Medicare, contributions to the account must stop. Generally this means at age 65. If, however, you become disabled and entitled to Medicare earlier, contributions to the HSA account must stop beginning with the month in which you enroll in Medicare. If you can be claimed as a dependent on someone else's tax return, you are ineligible to open an HSA. In addition, although this is not an age restriction, generally you cannot open an HSA for your child if you or someone else claims them as a dependent.

What happens to my HSA if I become disabled?
If you become disabled and enroll in Medicare, contributions to your HSA must stop as of the first of the month in which you are enrolled in Medicare. You may use your HSA funds to pay Medicare Part A and/or B premiums. Payment of Medicare premiums is a qualified expense and a tax-free distribution. HSA distributions used for non-qualified expenses will be subject to ordinary income taxes but exempt from penalty.

What happens to my HSA if I quit my job or otherwise leave my employer?
Your HSA is portable, meaning you can take your HSA with you when you leave and continue to use the funds you have accumulated. Funds left in your account continue to grow tax-free. If you are covered by a qualified HDHP, you can even continue to make tax-free contributions to your HSA.

My spouse is contributing to a health care FSA that reimburses expenses before the deductible is met. Can I make contributions to my HSA if I participate in the HDHP?
No. A general-purpose health care FSA that pays first-dollar benefits is the same as family coverage, because it is available to reimburse the qualified expenses of the employee and the employee's spouse and dependents. Consequently, if either you or your spouse participates in a general-purpose health care FSA-, neither of you will be eligible to contribute to an HSA.

Can anyone make catch-up contributions to an HSA?
Yes. If you are 55 or older and covered by a qualified HDHP, you can make additional catch-up contributions each year until you are enrolled in Medicare benefits. The maximum annual catch-up contributions for 2012 and after are $1,000.

How much can I contribute to my HSA?
For 2012, the combined maximum contributions to your HSA, including any made by IU Health to your account, are $3,100 if you have individual coverage and $6,250 if you have family coverage. If you turn age 55 or older in 2012 or after, you may add up to $1,000 more as a "catch up" contribution. These amounts are valid as long as you are enrolled in qualified HDHP coverage for the entire tax year or enroll before the first day of December, meaning you have held at least one full month of HDHP coverage, and then continue to maintain qualified HDHP coverage for the next 12 months (13 months in total).

What is the tax treatment of my HSA contributions?
Contributions to your HSA are not subject to federal taxes or state tax (for most states) unless used to pay for non-qualified expenses. Contributions may be made either directly by you to your HSA or through payroll deduction. Either way, your contributions are not subject to federal income tax, FICA (Social Security and Medicare) tax and for most states, state income tax. If you make your contributions through payroll deductions, the amount is taken before taxes are calculated. If you make deposits directly to your account, you may take an "above the line" deduction when filing your annual tax return. "Above the line" means you reduce your taxable income regardless of whether you itemize or use the standard deduction on your income tax form. You may deduct the contribution amount, subject to the maximum annual contribution limits, from your taxes at filing time. You do not take a deduction for contributions made by IU Health to your account, but they are excluded from your gross income.

What is the tax treatment of contributions made by a family member or anyone else to my HSA?
If a family member or anyone else makes a contribution to your HSA, the tax advantages apply to you and not the person making the contribution. You may deduct the contribution amount when filing your annual income taxes in the same way you would if you had deposited the post-tax contribution on your own. IU Health will make contributions to your

account as well; while you do not take a deduction for these contributions, they are excluded from your gross income. All contributions to the account are combined and subject to maximum annual contribution limits.

Can I make one lump-sum contribution to my HSA early in the year or spread contributions out during the year?
Contributions for the taxable year can be made in one or more payments at your convenience. The IRS determines maximum annual contributions by your coverage type (single or family). The annual total of all contributions to your account, from all sources, cannot exceed the IRS maximum annual contribution.

What are "catch-up" contributions?
Catch-up contributions are permitted contributions made by an eligible participant that are in excess of maximum annual contribution limits. Eligible participants are HSA owners who are covered by a qualified HDHP and who are age 55 or older. Catch-up contributions to your HSA are available for the calendar year in which you reach age 55.

What happens if I contribute more than my maximum annual contribution to my HSA?
If you contribute more than your maximum annual contribution to your HSA, you may withdraw the excess without penalty until Apr. 15 of the following year. After that time, the funds are subject to both ordinary income taxes and an excise tax.

If I make contributions to my HSA through pre-tax payroll deductions (Section 125 cafeteria plan), can I change the per-payroll deduction at any time?
You may be allowed to increase, decrease, start or stop your HSA contributions at any time, but remember that you are still restricted to your maximum annual contribution.

What is the last date that I may deposit toward my maximum annual contribution and still take an "above the line" deduction for the year?
You have until Apr. 15, 2013 for contributions to your 2012 HDHP coverage.

HSA Distributions

Can I pay out-of-pocket covered expenses with after-tax dollars instead of using my HSA funds?
Yes, you may pay for qualified medical expenses with after-tax dollars, allowing your HSA balance to grow tax-free. Many HSA participants elect to pay smaller expenses with after-tax dollars while allowing their HSA balances to grow for the future.

What healthcare expenses does my HSA cover?
Your HSA funds can be used tax-free to pay for out-of-pocket qualified medical expenses, even if the expenses are not covered by your HDHP. This includes expenses incurred by your family. There are hundreds of qualified medical expenses, including many you might not expect, such as dental visits, orthodontics, glasses, long-term care insurance premiums, cost of COBRA coverage, medical insurance premiums while receiving federal or state unemployment compensation and post age-65 premiums for coverage other than Medigap or Medicare supplemental plans. In addition, HSA funds may be used to pay your Medicare parts A and B premiums and for employer-sponsored retiree plans.

Amounts paid for over-the-counter drugs are not eligible for reimbursement from your HSA unless prescribed by a doctor.
Expenses for over-the-counter items such as insulin and diabetic supplies, bandages, band-aids and contact lens supplies are reimbursable from your HSA without a prescription. Refer to IRS Publication 502 for a more complete list of qualified medical expenses.

Can I pay for my spouse's/dependent children's qualified medical expenses from my HSA even if they're not covered by a qualified HDHP?
Your HSA funds can be used to pay for out-of-pocket qualified medical expenses without federal taxes or state tax (for most states), even if the expenses are not covered by your HDHP. This includes expenses incurred by your family members who qualify as your dependents for tax purposes.

What happens if I take a non-medical distribution or a distribution for a non-qualified expense?
If you take a non-qualified distribution, you are subject to ordinary income tax and a 20-percent penalty tax. If you are age 65 or older, disabled, or your estate pays bills subsequent to your death, the 20 percent penalty may not apply. The IRS requires confirmation that your distributions are for qualified medical expenses. It is your responsibility to keep all documents (such as receipts) that show how you used your HSA, including any for non-qualified transactions, and self-report accordingly on your annual tax return.

How are distributions from my HSA taxed?
Distributions from your HSA that are used exclusively to pay for qualified medical expenses for you, your spouse or tax-qualified dependents are excludable from your gross income. Your HSA funds can be used for qualified medical expenses and will continue tax-free (from federal taxes and state tax, for most states) even if you are not currently eligible to make contributions to your HSA. If you take a non-qualified distribution, you are subject to ordinary income taxes and a 20 percent penalty tax. The 20-percent penalty may not apply if you are age 65 or older, disabled, or for the year in which you die.

Are dental and vision care qualified expenses under an HSA?
Yes. Dental and vision care expenses are qualified expenses, as long as these are deductible from your income tax under the current IRS rules. For example, glasses, contacts and braces are deductible; cosmetic procedures, like cosmetic dentistry, generally are not deductible and would not be considered qualified expenses.

I already have an HSA. I am now enrolled in a PPO plan. Can I use the funds in my HSA to pay for expenses not covered by this plan, such as when I go out of network?
Yes. You always have the option to use your HSA funds however you wish. Distributions used exclusively to pay for qualified expenses continue to be free of federal taxes and state taxes (for most states). You may not, however, make contributions to your HSA because you are not covered by a qualified HDHP at this time. Should you enroll in a qualified HDHP at another time, you may then make contributions to your established HSA.

How soon can I withdraw funds from my HSA for qualified expenses? For example, what if I incur a medical expense in January and need $1,000 for the cost of treatment, before my deductible has been met?
Just like a checking account, you can only access funds once they are posted to your account. As additional funds are added to your account via your deposits (and/or deposits from your employer), you can reimburse yourself for qualified medical expenses paid for out of pocket, so long as those expenses occur after the date of the establishment of your HSA.

If I have a qualified HDHP and an HSA, and I see a doctor for treatment (not a preventive visit), am I charged the typical coinsurance for the visit, or am I responsible for paying the full charge?
You are responsible for the full amount charged until you have met your deductible. Only then will coinsurance apply. You may use your HSA funds to be reimbursed for these qualified medical expenses without federal taxes or state tax, for most states.

Is there a time/age by which I must begin withdrawing funds from my HSA?
No, you are never required to withdraw funds from your account. Your HSA can continue to earn interest and grow until you decide to use the funds. If you never use your funds, your spouse may inherit your account and continue its tax-free status, or your beneficiaries will receive the funds as a taxable event as part of your estate.

Both my spouse and I have HSAs. Can we use both accounts to reimburse ourselves for a qualified expense?
No, a single expense can only be reimbursed by a single account. You may however, use both accounts to reimburse yourselves for different expenses. For example, you may use your spouse's HSA to reimburse the entire family's dental expenses, yourself included, and use your HSA to cover expenses incurred prior to reaching the deductible.

Who decides whether the money I'm spending from my HSA is for a "qualified medical expense?"
You are responsible for that decision, and should familiarize yourself with what qualified medical expenses are (as partially defined in IRS Publication 502) and also keep your receipts in case you need to defend your expenditures or decisions during an audit.

Managing Your HSA

What happens if my medical expenses do not reach my deductible?
There are no "use it or lose it" rules with regard to your HSA. Unused funds roll over from year to year. The money in your HSA is all yours. The less money you spend, the more money you have that may earn interest or be invested in investment options.

Do HSA funds remaining at year-end roll over?
HSAs are a convenient and easy way to save and invest for future medical expenses, as unused HSA dollars roll over from year to year. You may invest unused HSA dollars in investment options, providing the opportunity for funds to grow.

Who has control over the money invested in my HSA?

You have full control over the assets in your HSA. When the total funds in your account reach certain limits, you have the option to invest excess monies. The investment choices will be yours to select from the options offered.

What happens to my HSA in the case of divorce?
In case of divorce, an HSA can be transferred between spouses without taxation. This is not considered a taxable distribution. All HSA rules regarding tax-free status of contributions and distributions apply. Consult your personal tax advisor for information regarding how these rules may apply to your personal tax situation.

Do I need to elect COBRA to continue my HSA if I leave my current employer?
While you do not need to continue your qualified HDHP coverage through COBRA, you must maintain qualified HDHP coverage to continue making contributions. You may pay your COBRA premiums with tax-free HSA dollars if you wish.

Your HSA is not subject to COBRA provisions. It is your account to take with you and to maintain as you choose.

Reaching Age 65

What happens to the money in my HSA after I reach age 65?
At age 65 and older, your funds continue to be available without federal taxes or state tax (for most states) for qualified medical expenses; for instance, you may use your HSA to pay certain insurance premiums or your share of retiree medical coverage offered by a former employer. Funds cannot be used tax-free to purchase Medigap or Medicare supplemental policies. If you use your funds for qualified medical expenses, the distributions from your account remain tax-free. If you use the monies for non-qualified expenses, the distribution becomes taxable, but exempt from the tax penalty. With enrollment in Medicare, you are no longer eligible to contribute to your HSA. If you reach age 65 or become disabled, you may still contribute to your HSA if you have not enrolled in Medicare.

Death

How do I designate a beneficiary for my HSA?
You should choose a beneficiary when you set up your HSA by completing a Master Signature Card. And as circumstances in your life change, be sure to review your beneficiary designation. You can change your beneficiary by completing a new signature card.

What happens to my HSA when I die?
Your HSA is an inheritable account. What happens to your HSA when you die depends on who you name as your beneficiary.

If your spouse is your designated beneficiary, the account will be treated as your spouse's HSA after your death. The account will continue to be tax-free for qualified medical distributions. If your spouse is covered by a qualified HDHP, contributions to the account may also be made tax-free, up to maximum annual contribution limits.

If you designate someone other than your spouse as the beneficiary of your HSA:
-- The account stops being an HSA on the date of your death;

-- The fair market value of the HSA becomes taxable (without penalties) to the beneficiary in the year in which you die; and
-- The amount taxable to a beneficiary (other than your estate) is reduced by any qualified medical expenses you incurred prior to your death that are paid from the HSA by the beneficiary within one year after the date of death.

If your estate is the beneficiary of your HSA, the value of your account is included on your final income tax return. **If you do not have a beneficiary on file**, the funds are payable to the account holder's estate.

Tax Considerations

Is there a limit on how much I may contribute to my HSA and deduct from my taxes each year?
For 2012, the combined maximum contributions to your HSA, including any made by IU Health to your account, are $3,100 if you have individual coverage and $6,250 you have family coverage. If you turn age 55 or older in 2012 or after and are covered by a qualified HDHP, you may add up to $1,000 more as a "catch up" contribution until you are enrolled in Medicare benefits. The maximum annual catch-up contribution is $1,000. These amounts are valid as long as you are enrolled in the HDHP for the full tax year or enroll before the first day of December, meaning you have held at least one full month of HDHP coverage, and then continue to maintain qualified HDHP coverage for the next 12 months (13 months in total). The IRS determines these maximum contribution limits annually.

Are there tax penalties if I close my HSA?
There are no tax penalties for closing an HSA. However, if you use your IU Health HSA funds for other than qualified medical expenses, those distributions will be subject to ordinary income taxes, and in some cases, a 20-percent penalty.

When will the penalty be assessed for a distribution for non-qualified expenses?
The 20-percent penalty will be assessed for the year in which you take the distribution for non-qualified expenses. The penalty will be due and payable when you file your annual tax return.

How are distributions from my HSA taxed?
Distributions from your HSA that are used exclusively to pay for qualified medical expenses for you, your spouse or tax-qualified dependents are excludable from your gross income. Your HSA funds can be used for qualified expenses and will continue to be free from federal taxes and states taxes (for most states) even if you are not currently eligible to make contributions to your HSA. If you take a non-qualified distribution, you are subject to ordinary income taxes and a penalty tax. The penalty may not apply if you are age 65 or older, disabled, or for the year in which you die.

How are distributions from my HSA taxed after I am no longer eligible to contribute?
If you are no longer eligible to contribute because you are enrolled in Medicare benefits, or are no longer covered by a qualified HDHP, distributions used exclusively to pay for qualified medical expenses continue to be free from federal taxes and state taxes (for most states) and excludable from your gross income.

What about taxes on the money in my HSA not used for medical expenses?
All the dollars in your HSA, including earnings on those dollars, are completely free of federal taxes and state taxes (for most states) while in your account. IU Health offers you the option of selecting your own investment options for savings above the minimum required for your transactional (checking) account. The only time tax is ever owed on principal or interest from your HSA is if the money is distributed for non-qualified expenses prior to your reaching age 65, becoming disabled or upon your death. Even if you use the funds for non-qualified expenses after you are 65 or disabled, you will only be subject to tax on the money you withdraw without penalty. You can always withdraw funds to pay for qualified medical expenses at any time without tax or penalty.

How are domestic partners treated in regard to HSAs?
The IRS does not consider a domestic partner a spouse, regardless of any state law exceptions. Thus, unless your domestic partner qualifies as your dependent under the federal tax laws you cannot withdraw funds tax-free to pay for your domestic partner's qualified healthcare expenses. However, if you are enrolled in a family HDHP that covers your domestic partner and your domestic partner satisfies the other HSA eligibility rules; they may be able to establish and contribute to their own HSA. Informally, the IRS has indicated that the combined contribution limit that applies to married couples should not be applied to domestic partners. This means that both you and your domestic partner may be able to make the maximum HSA contribution for family coverage to your separate HSAs. You should consult with your personal tax advisor to assess the application of these rules to your personal tax situation.

Rollovers/Transfers, FSAs and HRAs

Can I roll over or transfer funds from my HSA into my IU Health HSA?
Yes. Pre-existing HSA funds may be rolled into an HSA and will continue their tax-free status.

Can I roll over or transfer funds from my HSA to my IRA?
No. You can only roll over or transfer your HSA funds into another HSA.

What is the difference between a rollover and a transfer between HSA accounts?
A rollover or transfer may be used by an individual to move HSA funds from one HSA account to another. Generally, a transfer does not result in the receipt of funds by the account holder; rather, the funds are transferred directly from one HSA custodian to another HSA custodian. In a rollover, the account holder may actually receive the distributed funds from the HSA custodian and then deposit those funds with a new HSA custodian. Other differences between a rollover and transfer include:
Frequency: The IRS limits rollovers to one every 12 months; this limitation does not exist for transfers. When using a rollover to move funds, the amount will be included on the 1099-SA from the distributing HSA custodian. The account holder will demonstrate the completion of the rollover to the new account on his or her tax filing. With a transfer, no 1099-SA reporting is generated.
Timing: The account holder controls the timing when using a rollover as the account holder writes a check for the rollover amount and submits it for deposit. In a transfer situation, the account holder submits the transfer request for the custodian to process**. Cost:** The costs associated with a rollover are those the individual incurs related to writing and presenting a

check for payment. A transfer may have a transaction processing fee assessed by the custodian as detailed in the rate and fee schedule for the account.

What is the difference between health care flexible spending accounts (FSAs) and HSAs?
Both HSAs and FSAs allow you to pay for qualified medical expenses with pre-tax dollars. One key difference, however, is that HSA balances can roll over from year to year, while FSA money left unspent at the end of the year is forfeited. If you have both an HSA and an FSA, you must pay certain expenses, such as those that apply to the HDHP deductible, out of your HSA before you may use your limited-purpose FSA.

In addition, with a health care FSA, you can use the full annual election amount to reimburse eligible expenses even if the funds will not actually be contributed until later in the calendar year.

What is a limited purpose FSA and how does it work in conjunction with an HSA?
A Limited Purpose FSA is an FSA that may only be used to pay for certain permitted healthcare expenses not otherwise covered by your High Deductible Health plan such as: -- Vision expenses, including glasses, frames, contacts, prescription sunglasses, goggles, vision co-payments, optometrists or ophthalmologist fees and corrective eye surgery
-- Dental expenses, including dental care deductibles and co-payments, braces, x-rays, fillings and dentures
-- Preventive care expenses, including annual physicals, prenatal and well-child care and child and adult immunizations

Working with your HDHP

My doctor just prescribed a medication. Do I have to meet my HDHP deductible before I can be reimbursed for any of my medications?
Prescription medications are covered expenses under a qualified HDHP, but you must meet the deductible before you will be partially reimbursed by the insurance plan for these expenses. You may use tax-free HSA funds for reimbursement before the deductible is met.

How do I use my HSA to pay my physician when I'm at the physician's office?
If you are still covered by your HDHP and have not met your policy deductible, you will be responsible for 100 percent of the amount agreed to be paid by your insurance policy to the physician. Your physician may ask you to pay for the services provided before you leave the office. You may use your HSA debit card or check book to pay your physician directly from the account. Alternatively, you can pay the physician with your own money and reimburse yourself for the expense from the account after your visit. If your physician does not ask for payment at the time of service, the physician will probably submit a claim to your insurance company, and the insurance company will apply any discounts based on their contract with the physician. You should then receive an "Explanation of Benefits" from your insurance plan stating how much the negotiated payment amount is, and that you are responsible for 100 percent of this negotiated amount. If you have not already made any payment to the physician for the services provided, the physician may then send you a bill for payment.

Investing Your HSA

May I invest my HSA dollars?
Unlike other healthcare savings accounts, the HSA has no provision insisting you "use or lose" your account dollars at the end of the year. Any funds you do not use in a given plan year remain in your interest-bearing account for future healthcare expenses. Over time, you can build a nest egg of savings. You can elect to move some of your HSA dollars into an HSA Investment Account once you reach a minimum level.

Is the interest earned from my HSA Investment Account taxable income?
No. Contributions, interest, investment earnings and withdrawals (for qualified medical expenses) are not taxed as long as account holders meet IRS eligibility requirements. Current taxes and IRS penalties may apply to nonqualified withdrawals. (For a list of qualified medical expenses, visit the IRS website at www.irs.gov.)