Filing at a Glance

Company: Mercy Health Plans

Product Name: PHIARGMA/HSA09/R
TOI: H16G Group Health - Major Medical
Sub-TOI: H16G.001A Any Size Group - PPO
Filing Type: Form

SERFF Tr Num: MHPL-125919908
SERFF Status: Closed
Co Tr Num:
Co Status:
Authors: Karen Hosack, Suzanne McGinnis
Date Submitted: 11/25/2008

State: ArkansasLH
State Tr Num: 40958
State Status: Approved-Closed
Reviewer(s): Rosalind Minor
Disposition Date: 11/26/2008
Disposition Status: Approved-Closed

Implementation Date Requested: 01/01/2009
Implementation Date:

State Filing Description:

General Information

Project Name: PHIARGMA/HSA09
Project Number:
Requested Filing Mode: Review & Approval
Explanation for Combination/Other:
Submission Type: New Submission
Overall Rate Impact:
Filing Status Changed: 11/26/2008
State Status Changed: 11/26/2008
Corresponding Filing Tracking Number:

Status of Filing in Domicile:
Date Approved in Domicile:
Domicile Status Comments:
Market Type: Group
Group Market Size: Small and Large
Group Market Type: Employer, Association
Deemer Date:

Filing Description:

Ms. Rosalind Minor

Senior Certified Rate and Form Analyst

Arkansas Insurance Department

Life and Health Division

1200 West Third Street

Little Rock, AR 72201-1904

RE: PHI AR GMA v. 3 (01/09) - Group Master Application
PHI AR-HSA (2009) – HSA Group Amendment
NAIC: 11529

Dear Ms. Minor:

I have attached the above-referenced documents for your review and approval along with the required Policy Form Compliance Certification and a filing fee of $50.

The Group Master Application is very similar to the GMA recently filed and approved on 10/16/08. See SERFF Tracking # MHPL-125852164 and State Tracking # 40508. The only change that was made was to the Groups 2 to 25 Table. Rather than list specific plan codes with copayment options in the table, the Groups 2-25 options were re-designed to accommodate multiple plan options with copayments/coinsurances that fall within the set variable dollar options being filed. This new design is more flexible and will allow for any future changes of plan options. Copayments and coinsurances will not be greater than 25% differential between the in-network and the out-of-network; non-network deductibles will not be more than 3 times the in-network deductible.

The HSA Amendment was revised by removing the specific name of our preferred Banking Partner and any dollar-specific and eligibility information that would be subject to changes by the Internal Revenue Department. The purpose of these changes was to tailor the document so that it would not be affected by any annual changes to the Internal Revenue Code; thus, avoiding having to re-file annually.

Redlined copies are attached for your convenience. The above-mentioned documents are intended to replace these previously filed versions:

• PHI AR GMA v. 2 (01/09) – approved 10/16/08
• PHI AR-HSA (2008) – approved on 12/19/07

I look forward to your expeditious review and approval. Please contact me at (314) 214-2342 or by email at khosack@mhp.mercy.net if you have any questions.

Sincerely,

Karen Hosack, ACP

Compliance Analyst

Company and Contact

Filing Contact Information

Karen Hosack, Compliance Analyst
khosack@mhp.mercy.net
Mercy Health Plans
(314) 214-2342 [Phone]
Chesterfield, MO 63017
(314) 214-8103[FAX]

Filing Company Information

Mercy Health Plans
14528 South Outer Forty Rd.
Suite 300
Chesterfield, MO 63017
(314) 214-8100 ext. [Phone]

CoCode: 11529
Group Code:
Group Name:
FEIN Number: 48-1262342

State of Domicile: Missouri
Company Type: LAH/PPO
State ID Number:

Filing Fees

Fee Required?	Yes
Fee Amount:	$50.00
Retaliatory?	No
Fee Explanation:	
Per Company:	No

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
0000101965	$50.00	11/25/2008

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved-Closed	Rosalind Minor	11/26/2008	11/26/2008

Disposition

Disposition Date: 11/26/2008
Implementation Date:
Status: Approved-Closed
Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number:	*MHPL-125919908*	*State:*	*Arkansas*
Filing Company:	*Mercy Health Plans*	*State Tracking Number:*	*40958*
Company Tracking Number:			
TOI:	*H16G Group Health - Major Medical*	*Sub-TOI:*	*H16G.001A Any Size Group - PPO*
Product Name:	*PHIARGMA/HSA09/R*		
Project Name/Number:	*PHIARGMA/HSA09/*		

Item Type	Item Name	Item Status	Public Access
Supporting Document	Certification/Notice	Approved-Closed	Yes
Supporting Document	Application	Approved-Closed	Yes
Supporting Document	Redlined documents	Approved-Closed	Yes
Form	Group Master Application	Approved-Closed	Yes
Form	HSA Group Amendment	Approved-Closed	Yes

Form Schedule

Lead Form Number:

Review Status	Form Number	Form Type	Form Name	Action	Action Specific Data	Readability	Attachment
Approved-Closed	PHI AR GMA v.3 (01/09)	Application/ Enrollment Form	Group Master Application	Initial			AR GMA_2009v3 _11.24.08.pdf
Approved-Closed	PHI AR-HSA (2009)	Certificate Amendment, Insert Page, Endorsement or Rider	HSA Group Amendment	Initial			HSA AR Amend GROUP_11.24.08.pdf

MERCY Health Plans

GROUP MASTER APPLICATION – ARKANSAS

[☐ New Group ☐ Renewal ☐ Plan Change ☐ Revisions]

GROUP INFORMATION

Effective Date:		Termination Date:				
Company Name:						
Billing Address:		City:		State:		Zip:
Physical Address:		City:		State:		Zip:
Phone:		Fax:				
Contact:		Title:		Email:		
Type of Business:		SIC Code:		# of Years in Business:		
Tax ID No.						

☐ Yes ☐ No In the past three years, has company filed for any form of bankruptcy?
☐ Yes ☐ No In the past three years, has any petition for bankruptcy been filed against company?

ELIGIBILITY INFORMATION

Total number of Eligible Employees:		Total number of Employees Applying for Coverage:	
Total number of Employees waiving (with Other Coverage)		Total number of Employees Waiving (without Other Coverage)	
Total number of Out-of-Area Employees:		Total number of COBRA participants:	
Total Number of Plan Employees:		Total number of Plan Members:	
States where Out-of-Area Employees Reside:		How many employees at each location?	

List any employee classes to be excluded from coverage: (i.e. part-time, seasonal, temporary)	
Annual Open Enrollment Period (date span)	
Effective Date for New Employees (CHOOSE ONE): NOTE: If Different for Different Classes, Please Specify.	☐ Date of Hire ☐ 30 ☐ 60 ☐ 90 Days ☐ 120 Days - After the Date of Hire First of the Month following: ☐ Date of Hire ☐ 30 ☐ 60 ☐ 90 ☐ 120 Days ☐ Other (Please Explain):______________________________
Number of Hours Worked per Week for Insurance Eligibility: (not to exceed 30 hours per week for Small Group Only):	
Termination Date of Plan Member:	☐ Date of Termination **OR** ☐ End of Month
Termination Date of Dependent Children:	☐ On [19-25] Birthday **OR** ☐ End of Month when turning [19-25] Full Time Student Age:_____ ☐ Date of Birth ☐ End of Month

[Domestic Partner Coverage: (Large Group Only):		☐ Yes ☐ No]
Employer Contribution:	Employee Only:	Dependent(s):

Group Name	Group Name

[Arkansas Region PPO Options available for Groups 2 to 25 eligible employees:]

Plan	**Deductible (In-Network/ Out of Network)**	**Coinsurance (In-Network/Out of Network)**	**Maximum Out of Pocket (In-Network/ Out of Network)**	**Office Visit Copayments (PCP/ Specialist In-Network)**	**Prescription Drug (Tier 1/ Tier 2/ Tier 3/ Tier 4)**
☐ [ARK][A-Z]–[YR]	[$0-$10,000] / [$0-$20,000]	[0%-50%] / [0%-50%]	[$0-$10,000] / [$0-$20,000]	[$0-$100] / [$0-$100]	[$0-$250] / 0%-50%]
[Dual Option*: ☐ Yes (select 2 Plans above) ☐ No] [*Only Groups with 10 or more covered.]					

[Arkansas Region PPO Options available for Groups with 26+ eligible employees:]

Deductible (In-Network/ Out of Network)	**Coinsurance (In-Network/Out of Network)**	**Maximum Out of Pocket (In-Network/ Out of Network)**	**Office Visit Copayments (PCP/ Specialist In-Network)**	**Prescription Drug (Tier 1/ Tier 2/ Tier 3/ Tier 4)**
$______/ $______ ☐ 2x (family) ☐ 3x (family)	_____%/ _____%	$______/ $_______ ☐ 2x (family) ☐ 3x (family)	$_____/ $_____	$_____/ $____/ $____/ ____%
$______/ $______ ☐ 2x (family) ☐ 3x (family)	_____%/ _____%	$______/ $_______ ☐ 2x (family) ☐ 3x (family)]	$_____/ $_____	$_____/ $____/ $____/ ____%
Dual Option: ☐ Yes ☐ No				

[Arkansas Region HDHP/HSA PPO Options available for Groups 26+ Eligible Employees:
(TO BE USED FOR HDHP/HSA)]

Deductible (In-Network/ Out of Network)	**Coinsurance (In-Network /Out of Network)**	**Maximum Out of Pocket (In Network/ Out of Network)**	**Prescription Drug (Tier 1/ Tier 2/ Tier 3/Tier 4)**
$_____/ $_______	____%/ ____%	$______/ $_______	$____/ $____/$____/[$] ____[%]
$_____/ $_______	____%/ ____%	$______/ $_______	$____/ $____/$____/[$] ____[%]
Dual Option: ☐ Yes ☐ No			

PLAN OPTIONS: [NONE]

[☐ MyChoice Wellness Benefit Plan]	[This program is offered under the proposed bona fide wellness program regulations of the Health Insurance Privacy and Accountability Act of 1996 (HIPAA). Eligible Subscriber and Dependent spouses (if applicable) who qualify for MyChoice will have Benefits as outlined in the Certificate Of Coverage. Dependent children will have the same Benefits. Qualification is based on *both* the eligible Subscriber and Dependent spouse (if applicable) agreeing to the requirements set forth in this amendment.]
[☐ HSA/HDHP Amendment]	[Eligible Subscribers and Dependents who qualify for a Health Savings Account (HSA) will have high deductible health plan (HDHP) Benefits as outlined in this Schedule of Coverage and Benefits, and the HSA Amendment.]
[☐ HRA Amendment]	[Eligible Subscribers and Dependents who qualify for a Health Reimbursement Account (HRA) will have Benefits as outlined in this Schedule of Coverage and Benefits, and the HRA Amendment.]

RIDERS:

[☐ Family Services	• Tubal ligation and vasectomies.]
[☐ Birth Control Services *Required only if Outpatient Prescription Drug is covered.*	• Contraceptives, (oral, topical, injectable), intrauterine devices (IUDs), and insertion and routine removal of implantable contraceptives (no more than once every three (3) years, unless Medically Necessary.)]
[☐ Outpatient Prescription Drug]	• [Mail order [0%-50% Coinsurance] [1x, 2x, 2.5x, 3x Copayment] for up to a 90-day supply] • [90-day Retail Pharmacy [0%-50% Coinsurance] [1x, 2x, 2.5x, 3x Copayment] for up to a 90-day supply.]
CRANIOMANDIBULAR AND TEMPOROMANDIBULAR JOINT (TMJ) DISORDER RIDER	**Please check one:** ☐ I elect to provide coverage for craniomandibular and Temporomandibular Joint (TMJ) services. ☐ I elect not to provide coverage for craniomandibular and Temporomandibular Joint (TMJ) services.

HEALTH OVERVIEW

Answer “Yes” or “No” to the following questions. Please explain any “Yes” answers in the next section.

1. ☐ Yes ☐ No Have any Employees or Dependents incurred a medical expense exceeding $10,000 in the past 18 months?
2. ☐ Yes ☐ No Are any Employees or Dependents expected to have a major hospitalization or surgery in the next 6-month period?
3. ☐ Yes ☐ No Are any Employees or Dependents presently in a hospital or treatment facility?
4. ☐ Yes ☐ No Are any Employees on extended sick or injured leave?
5. ☐ Yes ☐ No Are any Employees or Dependents currently pregnant?
6. ☐ Yes ☐ No Are any Employees currently not at work performing their duties full-time due to illness or injury?
7. ☐ Yes ☐ No Are any Employees or Dependents undergoing regular or periodic treatment for a mental or physical disorder?

HEALTH OVERVIEW EXPLANATION

Please give details for any “Yes” answers from above. Please identify question above; give name and diagnosis.

____

____

____

PREVIOUS CARRIER INFORMATION

Please list the name of all insurance carriers in the last five years.

Please list the company's insurance rates for the past year.

	Employee	Employee + Spouse	Employee + Child(ren)	Family
Previous Year				
Current Rates				
Renewal Rates				

CURRENT BENEFITS:

Deductible	**Coinsurance**	**Maximum Out of Pocket**	**Office Visit Copayments**	**Prescription Drug**
$______/ $______ ☐ 2x (family) ☐ 3x (family)	_____%/ _____%	$______/ $_______ ☐ 2x (family) ☐ 3x (family)	$_____/ $_____	$___/ $___/ $___/ ____%
$______/ $______ ☐ 2x (family) ☐ 3x (family)	_____%/ _____%	$______/ $_______ ☐ 2x (family) ☐ 3x (family)	$_____/ $_____	$___/ $___/ $___/ ____%
Dual Option: ☐ **Yes** ☐ **No**				

READ THIS IMPORTANT INFORMATION

The applicant for this health coverage affirms that all information is complete and accurate to the best of their knowledge. Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison. As changes occur, the applicant agrees to notify Mercy Health Plans (MHP) so that coverage premiums may be adjusted. This includes the addition or deletion of Plan Members, changes in company standards, or the installation of hazardous equipment. MHP will continue coverage based on the current information on hand at the time claims are filed.

The applicant agrees to allow MHP to use medical data for its own or a third party's research needs. MHP may use this information during or after coverage has been terminated. Confidentiality laws will govern the use of all information that pertains to individuals. At no time will confidential business information between the applicant and MHP be given to another party without first gaining written authorization.

Renewal rates may change periodically, and will be based on information that allows for projected future claims, as permitted by state law. If this application is approved in writing by MHP, and if a full monthly premium binder has been made, coverage will be effective on the agreed upon date. The applicant may use the canceled check as "proof of payment". Once coverage has been granted to the applicant, the premium binder will not be refunded if the applicant cancels coverage. All premium binders will be applied to the first premium payment or any outstanding balance due.

Applicant must have at least two (2) eligible employees. Applicant understands that if information becomes known after the effective date, which would have materially affected the Underwriting decision or rates offered the group by MHP, then MHP may terminate the coverage or increase the rates retroactively to the initial effective date. No statement voids the coverage or reduces the benefits after the coverage has been in force two (2) years from its effective date, unless the statement was material to the risk assumed and contained in a written statement.

☐ **The Group** is responsible for preparing and delivering all Certificates and Notices in accordance with and as required by **HIPAA**.

☐ **MHP** is responsible for preparing and delivering all Certificates and Notices in accordance with and as required by **HIPAA**.

Employer acknowledges that MHP does not cover medical care or treatment for an Illness or Injury arising out of or in the course of any occupation or employment for compensation, profit or gain, regardless of whether or not such Illness or Injury is covered by Workers' Compensation law, occupational disease law, or laws of a similar character.

[Employer understands that the coverage and rates contained in this Application are offered by MHP on an exclusive basis, and if Employer accepts the stated coverage and rates, agrees that MHP will be the exclusive health care plan offered to its employees. Failure by Employer to offer MHP on this exclusive basis prior to the effective date of coverage will result in immediate withdrawal of the proposed coverage and rates provided herein, without any further notification to Employer by MHP. MHP must approve exceptions to this agreement in writing**.**]

NOTICE OF GUARANTEED RENEWAL

This contract will be guaranteed renewable, subject to the group meeting underwriting rules of Mercy Health Plans (MHP), and making premiums payments as indicated in the Certificate of Coverage, unless MHP discontinues this product or discontinues offering all products in the small or large group markets, or both.

If MHP discontinues offering this product, the group will be given at least ninety (90) days notice prior to discontinuance and will be offered all remaining products, on a guaranteed basis by MHP.

If MHP discontinues offering all products in the small or large group markets or both, the group will be given at least one hundred eighty (180) days notice prior to discontinuance.

Applicant may terminate this Agreement on any anniversary date by giving MHP sixty (60) days advanced written notice. Any premiums due must be paid to MHP prior to termination.

Authorized Group Representative Name:	______________________	Title:	______________
Authorized Group Representative Signature:	______________________	Date:	______________
Authorized Producer Name:	______________________		______________
Authorized Producer Signature:	______________________	Date:	______________
Agency Name:	______________________		
Agency Address/Phone:	______________________		
MHP Account Executive:	______________________	Date:	______________

Before sending application please review the following:

- Answer questions in full and to the best of your knowledge.
- If replacing coverage, submit most recent premium notice with list of covered individuals.
- Do not cancel your coverage until your application is accepted in writing by MHP.
- Please submit current wage and tax statement.
- Include with this application a check for the first month's full payment.

ADDITIONAL RIDERS – FOR LARGE GROUPS ONLY:

[☐ Employee Assistance Program	• Short-term counseling for a maximum of [three (3)][four (4)][eight (8)][twelve (12)] counseling sessions in a Calendar Year. $0 Copayment for Participating EAP Providers.]
[☐ Hearing Aid Services	Hearing Aids and Testing: ▪ Maximum Benefit of [$1,000 - $3,000] allowable expense applicable toward the purchase of hearing aids every [two – five] Calendar Years. ▪ [[0% - 50%] Member Coinsurance] for each purchase. ▪ [Specialist Copayment for annual hearing test. If hearing test is done in conjunction with an office visit, only one Copayment applies]]
[☐ Prescription Eyewear	[[$ *] dollar benefit maximum toward the purchase of eyeglasses (lenses and frames) and/or contact lenses from a Participating Provider during any consecutive [twenty-four (24)] [twelve (12)] month period.]
[☐ Other	[Name of Rider:]]

[RATES (Initial Quote only, FINAL rates will be determined by Underwriting)]

4 Tier		**3 Tier**		**Age/ Gender**
Employee Only:		Employee Only:		See Attached Rate Proposal
Employee + Spouse:		Employee + One:		
Employee + Child(ren):		Employee + Two or More:		
Family:				

HSA Amendment

Amendment
This document amends the Mercy Health Plans high deductible health plan that is included with this HSA amendment. This HSA amendment adds a Health Savings Account feature described in this document.

Overview
Health Savings Accounts (HSAs) were created by federal law and are designed to help individuals save for qualified medical and retiree health expenses on a tax-free basis. The HSA (HSA) is a tax-advantaged trust available to employees who elect a high-deductible health plan. The HSA allows you to put aside money before taxes are withheld so that you can pay for current and future qualified medical expenses, including long-term care, COBRA, and Medicare Premiums. Your account can also pay for non-qualified medical expenses, although reimbursement for such expenses are subject to federal, state and local taxes, as applicable, and in most cases a penalty tax.

Important Information about HSAs
You must meet certain tax requirements to establish and contribute to the HSA. Below, is a general summary of some HSA features.

- Anyone who is covered by a high-deductible health plan (as defined in Internal Revenue Code Section 223) may establish an HSA.

- Amounts contributed to an HSA belong to you and are completely portable. Although you cannot roll the HSA funds over into an IRA, you can roll the HSA funds into another HSA.

- Every year the money not spent would stay in the HSA and earn interest tax-free, just like an IRA.

- Unused amounts in the HSA remain available for later years (unlike amounts in Flexible Spending Accounts that are forfeited if not used by the end of the year).

- Funds can be withdrawn from the HSA for either qualified medical or other expenses. If the amount withdrawn is used for qualified medical expenses, then the withdrawal is tax free. If the amount withdrawn is used for expenses other than qualified medical expenses, the amount withdrawn will be taxed and for individuals who are not disabled or over age 65, subject to a 10% tax penalty.

- To encourage saving for health expenses after retirement, HSA owners between age 55 and 65 are allowed to make additional catch-up contributions to their HSAs.

- Responsibility for meeting all the tax rules is yours. For example, to avoid taxation and possible penalties, it's up to you to make sure that any withdrawal you take from the HSA is for a qualified medical expense.

- Additionally, just like an IRA, it is your responsibility to confirm your eligibility to contribute to an HSA under the tax rules. For example, if you have other medical coverage (i.e., through your spouse's employer) that is not high deductible health plan coverage, then you should not establish and contribute to the HSA made available through this plan. Also, if you have another HSA, you will have to make sure that your total contributions do not exceed the IRS limits.

- Before making any decision, you should carefully consider whether or not you want to establish an HSA (assuming you are eligible to do so) and, if so, whether you want to use the HSA product that this plan is making available or another trustee's HSA (which might have different features, for example, other investment options).

Note that this Amendment describes the HSA that Mercy Health Plans makes available through its banking partner, and not the rules that govern HSAs generally or HSAs available from other trustees.

Moreover, it is important that you consult with a financial or tax professional for information about your personal tax situation.

An additional note on tax advice. The tax laws are complicated and often change. None of the information in this Amendment is intended to provide personal tax advice to any employee, terminate participant, beneficiary or alternate payee.

Eligibility
If your employer's health plan, provided by Mercy Health Plans, meets the requirements set forth below, you become eligible on your eligibility date.

Eligibility Requirements

Eligible Employees
You are eligible if you are covered under a Mercy Health Plans high deductible health plan. You must participate in a Mercy Health Plans high deductible health plan to be eligible for this Plan.

In order to establish and contribute to the HSA, you must:

- Be enrolled in a Mercy Health Plans high deductible health plan,
- Not be covered by other health insurance (this rule does not apply to specific injury insurance and accident disability, dental care, or long-term care),
- Not be eligible for Medicare, and
- Not be claimed as a dependent on someone else's tax return.

Therefore, you cannot elect the HSA if you or a family member participates in a traditional health Care Flexible Spending Account, you are enrolled in Medicare, or have other non-high-deductible health plan coverage (such as through your spouse's employer plan).

Important Note: It is up to you to make sure that you meet the tax requirements to establish and contribute to the HSA. Mercy Health Plans does not have the information or the responsibility to monitor you status.

You should consult with a tax professional for information about your personal tax situation.

How the HSA Works
You may contribute to your account through payroll deductions on a before-tax basis. If desired, you may also directly deposit funds into your HSA account. You can make a tax-free withdrawal up to the balance available in your account to cover qualified medical expenses.

You may also use your account to pay for non-qualified medical expenses, although withdrawals for such expenses are subject to federal, state, and local taxes, as applicable, and in most cases, a penalty tax.

Any unused balance in your account at year-end is carried forward to the next calendar year, even if you do not participate in a Mercy Health Plans high deductible health plan next year.

Establishing an HSA
You are eligible to establish an HSA

- Anytime during the plan year if you are enrolled in a Mercy Health Plans high deductible health plan
- During annual enrollment

If you enroll during the plan year, your HSA becomes effective coincident with or the first of the month following your enrollment as long as you are actively employed and enrolled in a Mercy Health Plans high deductible health plan.

Contributions
Under the current tax rules, you can contribute the lesser of:

- Your annual deductible under the Mercy Health Plans high deductible health plan; or
- A fixed dollar amount prescribed by federal law and indexed for inflation each January 1.

If you establish an account after January 1 or change your coverage level under a Mercy Health Plans high deductible health plan because of a qualified family status change during the year, your maximum contribution will be prorated based on the number of full months remaining in the calendar year and your level of coverage under the a Mercy Health Plans high deductible health plan.

If you discontinue your Mercy Health Plans high deductible health plan coverage during the year because of a qualified family status change, your before-tax contributions to the HSA will cease, but you may continue to withdraw from your unused account balance for qualified and non-qualified medical expenses.

Mistakes
If you contribute more than the law allows to the HSA or another HSA, then it is your responsibility to notify the banking partner that you have utilized to establish your account of the excess contribution and to request the withdrawal of the excess contribution and any net income attributable to the excess. You should consult with a tax professional for information on your personal tax situation.

Withdrawals for Expenses that Can Be Reimbursed Tax-Free
In general, you may withdraw from your HSA for qualified medical expenses on a tax-free basis for yourself as the employee covered by a high-deductible health plan, your spouse (even if he or she is not covered by a high-deductible health plan), and your qualifying family members (even if not covered by a high-deductible health plan).

Withdrawals for services and items other than qualified medical expenses are subject to federal, state, and local taxes, as applicable, and an additional 10% penalty unless the withdrawal occurs after you reach age 65, are disabled or die.

For HSA specific requirements under IRC Section 223, see **IRS Publication 969**. IRS publications are available on the IRS' website or by calling the IRS at 1-800-829-3676. You may also check with the HSA Administrator if you have questions about reimbursable expenses. **The HSA Administrator is the financial institution you have chosen to handle your HSA funds.**

Getting Reimbursed through HSA Withdrawals
Withdrawals from the HSA can be made by paying for qualified expenses using your HSA Visa Debit Card. In addition, you may utilize the HSA administrator's member-directed Internet site to request reimbursement via electronic funds transfer or electronic check mailed to your address. As long as you have the funds available in your account, you may pay for qualified medical expenses using your HSA Debit Card.

When Your Contributions End
Your before-tax contributions end on the first of the following to occur:

- The date you no longer meet the eligibility requirements
- The date you terminate employment
- The date of your death
- The date the plan is terminated

However, as long as you meet the tax requirements to contribute to the HSA (by electing COBRA for a Mercy Health Plans high deductible health plan or having other high-deductible health plan coverage) you can make HSA contributions on an after-tax basis directly to the HSA Administrator. (You may be entitled to a tax deduction for these after-tax contributions.)

Qualifying Family Members

Who are my Qualifying Family Members for HSA Withdrawals?
According to the IRS, you can make withdrawals for qualified medical expenses for you or your qualifying family members. A qualifying family member includes any person who qualifies for tax-free health plan benefits under the Internal Revenue Code (see IRS Publication 969).

Determination of Qualified Medical Expenses

Who determines whether the withdrawal is for a qualified medical expense?
You do. You are required both to determine whether withdrawals are used for qualified medical purposes and to report on your annual tax return the amount withdrawn that is used for qualified medical expenses. Neither Mercy Health Plans nor its HSA banking partner will monitor this. Be sure to keep records (for example, receipts) so that you can prove to the IRS that the withdrawals are for qualified medical expenses that were not otherwise reimbursed.

Examples of Qualified Medical Expenses – What expenses qualify for withdrawals on a tax-free basis?
The following are examples of expenses that qualify for a tax-free withdrawal from your HSA in accordance with Internal Revenue Code Sections 213 and 223:

- Medical services provided by medical practitioners and that are not reimbursed by another medical plan
- Charges for medically necessary services not reimbursed by medical and dental plans, including but not limited to the following:
  - Deductibles
  - Out-of-pocket expenses
  - Coinsurance
  - Charges exceeding reasonable and customary amounts
  - Charges exceeding plan limits
  - Prescription drug charges exceeding the network negotiated price
  - Other non-covered charges
- All medically necessary prescription drugs and certain other prescription drugs permitted by the IRS (e.g., contraceptives and pre-natal vitamins)
- Certain over-the-counter non-prescription medicines, such as allergy and cold medications, aspirin and antacids, if they are intended to alleviate or treat personal injuries or sickness
- Eye exams, glasses (frames and lenses), contact lenses and solutions for contact lenses
- Dental implants
- Hearing exams, hearing aids
- Cost differences between semi-private and private hospital rooms
- Cost for special medical equipment installed in your home, or for home improvements for purposes of medical care, e.g.., ramps, support bars, railings, etc.
- Fees for special schools on the recommendation of a physician, including schools for the mentally impaired, physically disabled or individuals with severe learning disabilities
- Transportation (amounts paid for travel primarily for, and essential to, medical care)
- Personal use items if primarily used to prevent or alleviate a physical or mental defect or illness, e.g., wigs, Braille books, hearing aids, etc.
- Nursing services in hospital, nursing home or your home
- Smoking cessation programs
- Weight loss programs (if you have a letter from your treating physician indicating medical necessity)
- Alternative medicine
- Christian Science practitioners

- Long-term care insurance premiums (Note: the tax-free reimbursement can't exceed the annually adjusted "eligible long-term care premiums" in the Internal Revenue Code. This amount is based on age.)
- COBRA premiums
- Medicare Premiums
- Health premiums while you are receiving unemployment insurance.
- Retiree medical plan premiums other than for Medigap insurance.

For guidelines on qualified medical expenses under Internal Revenue Code (IRC) Section 213, see **IRS Publication 502**. However, some items listed in this publication are not reimbursable under the HSA (e.g. premiums, except for certain premiums at age 65 or older). For HSA specific requirements under IRC Section 223, see **IRS Publication 969**. IRS publications are available at www.irs.gov or by calling the IRS at 1-800-829-3676. You may also check with the HSA Administrator if you have questions about reimbursable expenses.

As an HSA owner, you are responsible for verifying whether funds are appropriately used for qualified medical expenses and for maintaining appropriate records.

You should consult with a tax professional for information about your personal tax situation.

Enrollment

How to Enroll
Once you decide to elect an HSA, you will receive an information packet in the mail from your HSA Administrator. The welcome packet will provide detailed instructions of how you set up your HSA account.

Re-enroll each year – Do I have to re-enroll every year?
Yes. You must elect to contribute to your HSA each year.

Mid-year Enrollment – Can I enroll at any time during the year?
If you enroll in the Mercy Health Plans high deductible health plan, you may establish an HSA at any time during the year. Your contributions begin on the first of the month coincident with or following the date you establish the HSA. Your contributions will be prorated based on the number of full months remaining in the calendar year and your level of coverage under the Mercy Health Plans high deductible health plan. You can not make withdrawals from your HSA on a tax-free basis for any expenses incurred before the HSA is established.

Participation in Other Plans – Do I have to be enrolled in the company medical plan to establish and contribute to the HSA?
Yes – you must be a participant in the Mercy Health Plans high deductible health plan to be eligible to establish and contribute to the HSA.

You are not eligible to establish an HSA if you or a family member elects a traditional Health Care Flexible Spending Account in the same calendar year, or if you are eligible for Medicare or have other non-high-deductible health plan coverage (such as through your spouse's employer plan).

Can I contribute to the HSA while I am using the prior year's traditional Health Care Flexible Spending Account to be reimbursed for claims incurred during that Plan's grace period?
You cannot contribute to the HSA while you are participating in a traditional Health Care Flexible Spending Account, including any grace period under a traditional Health Care Flexible Spending Account.

When Contributions Start

HSA Contributions Start Date – When will my Health Savings Account before-tax contributions start?
Your before-tax HSA contributions will start on:

- The first of the month coincident with or following your effective date of enrollment as long as you are actively employed. Your contributions will be prorated based on the number of full months remaining in the calendar year and your level of coverage under the Mercy Health Plans high deductible health plan.
- January 1 if you enroll during annual enrollment (may be delayed until April 1 if you participated in a traditional Health Care Flexible Spending Account in the prior year.)

Contributions do not continue automatically from plan year to plan year; you have to enroll during the annual enrollment period to contribute to your HSA each year.

For expenses incurred before your account is established, withdrawals can not be made on a tax-free basis.

When on a Leave of Absence – What happens to my HSA if I am on a leave of absence?
You may continue to make withdrawals from your HSA while on a leave of absence. When you return from your leave of absence, your contributions will be adjusted automatically so that your reach your annual contribution amount.

If you take an authorized leave of absence that is covered under the Family and Medical Leave Act (FMLA), you may elect to continue your before-tax contributions to your account by prepaying them for the period of the leave (otherwise, your contributions will be adjusted automatically when you return from leave so that you reach your annual contribution amount). To prepay before-tax contributions, you must authorize a lump-sum payroll deduction prior to the start of the leave.

Making Changes

Changing Contributions – Can I change the amount I contribute?
Yes. You may elect to change the amount you contribute at any time during the year. Your contributions begin on the first of the month coincident with or following the change as long as you are actively employed. Your contributions will be prorated based on the number of full months remaining in the calendar year and your level of coverage under the Mercy Health Plans high deductible health plan.

Contributions

Choosing Contribution Amounts – How do I decide how much to contribute?
You select an amount to contribute for the plan year up to the maximum amounts as provided in the Internal Revenue Code (see IRS Publication 969). If you are age 55 or above, you may make additional contributions as described in the catch-up contribution questions.

If you establish an HSA after January 1 or change your coverage level under the Mercy Health Plans high deductible health plan because of a qualified family status change during the year, your maximum contribution will be prorated based on the number of full months remaining in the calendar year and your level of coverage under the Mercy Health Plans high deductible health plan.

If you discontinue your Mercy Health Plans high deductible health plan coverage during the year because of a qualified family status change, your before-tax contributions to the HSA will cease, but you may continue to withdraw from your unused account balance for qualified and non-qualified medical expenses.

If you are age 55 or above, you may make additional contributions, as described below.

What is my maximum contribution if my spouse and I each have family high-deductible health plan coverage?
If both you and your spouse have family coverage, then the lower annual deductible to family coverage is used to determine the contribution limit.

HSA contributions (other than catch-up contributions) are divided equally between you and your spouse unless you and your spouse agree on a different division. This, you and your spouse can divide the annual HSA contribution in any way you want, including allocating nothing to one of you.

What is my maximum contribution if my spouse and I each have individual high-deductible health plan coverage?
Your maximum contribution is equal to the annual deductible for individual coverage under the Mercy Health Plans high deductible health plan.

What is my maximum contribution if I have family high-deductible health plan coverage and my spouse has individual, non-high-deductible health plan coverage?
If you participate in the Mercy Health Plans high deductible health plan, your maximum annual HSA contribution is equal to the annual deductible for family coverage under the Mercy Health Plans high deductible health plan. Your spouse may not contribute to a Heath Savings Account.

Changing Contribution Amounts – How often can I make changes to my contribution amount?
You may make changes to your contribution amount any time during the year. All changes made during the year will be effective on the first of the month coincident with or following the date you change your contribution amount.

Company Contributions – Does the company contribute to my HSA?
No. The Company does not make contributions to your account.

Minimum Contributions – Do I have to contribute a minimum amount?
No. There is no minimum contribution amount.

Catch-up Contributions – Is there any time I can make contributions over the maximum to my HSA?
Yes. In the year you turn age 55 and each year thereafter, assuming you are eligible to contribute to the HSA, you may make additional "catch-up" contributions to your HSA. The additional amounts for both individual and family coverage are set out in the Internal Revenue Code guidelines (see IRS Publication 969).

Note:
- All contributions must be made by check and remitted directly to the HSA Administrator. Your contributions may be taken as a deduction on your tax return.
- Contributions can be made until April 15th of the following year and such contributions will count towards the prior year's contribution amount.
- Your "catch-up" contribution will be prorated based on the number of full months that you have coverage under the Mercy Health Plans high deductible health plan.

When Are Contributions Made – When are contributions deposited in my account?
Your contributions will be deducted from each paycheck (beginning on the first of the month) you receive and deposited into your account.

You may make after-tax contributions directly to the HSA Administrator if:

- Your contributions have been prorated because you established an HSA during the year and you were otherwise eligible to make HSA contributions in the months prior to establishing your HSA, or
- You are eligible for catch-up contributions.

When Contributions Start – When will contributions start to come out of my paycheck?
When you first enroll as a newly-eligible employee or change your coverage level under the Mercy Health Plans high deductible health plan because of a qualified family status change, your contributions will begin or change on the first of the month coincident with or following your enrollment.

Unused Contributions at Year-end – What happens to contributions in my HSA that I have not used at year-end?
Any unused balance in your account at the end of the calendar year will be carried forward to the next calendar year, even if you do not participate in the Mercy Health Plans high deductible health plan next year.

Contributing more than the legally-allowed maximum – What happens if I contribute more than the legally allowed maximum?
You must withdraw contributions to your HSA that is in excess of the IRS contribution limits. Otherwise, the amount over the legally-allowed maximum will be subject to tax. You must pay income tax on the withdrawn amount. You should consult with a tax professional for information about your personal tax situation.

Tracking Contribution Limits – Who is responsible for keeping track of my contribution limits?
You are responsible. Keep in mind that if your spouse covers (or starts covering) you during the year under a medical plan that is not a high-deductible health plan then you may not contribute for the period beginning when your spousal coverage started.

Contribution Limit if More than One HSA – What is my contribution limit if I have more than one HSA?
You total contribution limit does not change because all HSA contributions are aggregated.

Coordinating Contributions amongst HSAs – How do I coordinate my contribution limit among my HSAs?
You can coordinate your contribution limit among your HSAs any way you would like. It is your responsibility to make sure that your total contributions do not exceed the total limit on HSA contributions.

Deducting Before-Tax Contributions on My Tax Return – Can I deduct my before-tax contributions to my HSA on my tax return?
No. Only after-tax contributions to the HSA may be deducted on your income tax return. You did not pay tax on the before-tax payroll contributions, so you can not take a deduction for them.

Who Can Make Contributions to the HSA?
Anyone. Contributions can be made by others (for example, members of your family) on your behalf, and you can take a tax deduction for those contributions.

Account Information

Account Balance – How can I find out how much money is in my account?
To find out how much money is in your account, log in to the HSA Administrator's website. If you are not currently registered, go to the HSA Administrator's website and follow the instructions for

registration. Once you are registered, you will be able to log in to the HSA Administrator's website and access the "products and programs" section where you will find HSA information.

A statement showing your account activity, such as contributions, withdrawals and interest accrued, will be issued by the HSA Administrator twice each year.

Information on Your Account Statement – What information can I find on my account statement?
You will find the following:

- The dates on which the withdrawals were made
- Your balance as of the statement date
- Your withdrawals
- Your total contributions
- Your total interest

Interest on Account – Do I earn interest on the money in my account?
Yes. Funds contributed to the HSA are invested in your account and earn tax-free interest. The interest is posted monthly. The interest rate is subject to change every six months (January 1 and July 1). You will be notified by the HSA Administrator of any interest rate changes prior to the change going into effect.

Establishing an Account with a Different Trustee – Can I establish an HSA with a trustee different from the trustee the company has chosen?
Yes. You may establish an HSA with any trustee you choose. However, the company will only deduct and remit before-tax contributions for the HSA it makes available to its employees.

Rolling Over an HSA into my HSA – Can I roll over an HSA that I already own into this HSA?
Yes. Contact your HSA Administrator for detailed instructions.

Spouse establishing an HSA – can my spouse establish an HSA?
Yes. Contact your HSA Administrator for detailed instructions.

Taxes

Before-Tax or After-tax Contributions – are my HSA contributions made with before-tax or after-tax dollars?
Generally, your HSA contributions are made with before-tax dollars. This means that the money is deducted form your pay before federal, Social Security, and most state and local income taxes are withheld.

By contributing on a before-tax basis, you reduce your taxable pay, and as a result, you lower the amount of taxes you pay.

Note: If you take an authorized unpaid leave of absence that is covered under the Family and Medical Leave Act, you may elect to continue your before-tax contributions to your account by prepaying them for the period of the leave (otherwise, your contributions will be adjusted automatically when you return from leave so that you reach your annual contribution amount.) To prepay before-tax contributions, you must authorize a lump-sum payroll deduction prior to the start of the leave.

If you are age 55 or above, and you elect to make catch-up contributions, your contributions are made with after-tax dollars. However, your contributions may be taken as a deduction on your tax return.

Effect of before-tax contributions on benefits – What effect do my before-tax contributions have on my other benefits?
None. Your annual base salary will be used to calculate salary-related benefits.

Effect of before-tax contributions on your paycheck – what effect do my HSA before-tax contributions have on my paycheck?
Making before-tax contributions to your HSA means that the amount you contribute toward your HSA is determined before taxes are withheld, so you are paying taxes on a lower amount of salary. Your take-home pay is higher than it would be if you paid for your coverage on an after-tax basis.

Effect of before-tax contributions on Social Security – What effect do my HSA contributions have on my Social Security benefits?
Depending on your salary, your Social Security benefits may be lower. This is because your Social Security is based on your taxable pay (up to a specified annual maximum amount of earnings), and your taxable pay is reduced by the amount you contribute to the HSA.

Effect of contributions on W-2 – What effect does contributing to the HSA on a before-tax basis have on my W-2 statement?
Your contributions will not be included in your taxable gross earnings on your W-2 statement. This reduces your taxable pay for federal purposes and as a result, lowers the amount of federal taxes you pay.

Deducting Expenses on Tax Return – Can I claim my expenses paid by the HSA as a deduction on my tax return?
No. If you receive tax-free withdrawals from the HSA, you can not claim those expenses as a deduction on your federal income tax return.

Tax Withdrawals if Disabled – Does the additional 10% tax apply to my HSA withdrawals for nonqualified medical expenses if I am disabled?
No. The 10% additional tax generally applies if a withdrawal is not used for qualified medical expenses does not apply when you are disabled. However, the amount of the withdrawal will be included in your taxable income and subject to federal, state and local taxes as applicable.

Taxes for withdrawals when age 65 or over – Does the additional 10% tax apply to my HSA withdrawals for nonqualified medical expenses if I am age 65 or over?
No. The 10% additional tax generally applies if a withdrawal is not used for qualified medical expenses does not apply when you are at least age 65. However, the amount of the withdrawal will be included in your taxable income and subject to federal, state and local taxes as applicable.

Contribution Limits for Married Couples

Limits for Married Couples – My spouse also contributes to an HSA; is there a limit to how much I can contribute to my HSA?
How much you can contribute depends on what type of health care coverage you and your spouse have.

If you have individual high-deductible health plan coverage, your maximum contribution is equal to the annual deductible for individual coverage under the Mercy Health Plans high deductible health plan.

If both you and your spouse have family coverage, the lower deductible for family coverage is used to determine the contribution limit. HSA contributions for family coverage (other than catch-up contributions) are divided equally between you and your spouse unless you and your spouse agree on a different division. Thus, you and your spouse can divide the annual Health Saving Account contribution in any way you want, including allocating nothing to one of you.

Withdrawals for my domestic partner – Can I use the HSA Visa Debit Card for my domestic partner's medical expenses?
Yes. However, purchases or withdrawals for a domestic partner or his or her children who are not your tax dependents are considered a non-qualified medical expense and subject to federal, state, and local

taxes as applicable and in some cases a 10% penalty.

Limits for Married Couples Working for the Same Company – My spouse and I both work for the same company and have family coverage under the Mercy Health Plans high deductible health plan; how much can I contribute to the HSA?
Your combined contributions can not exceed the annual deductible for family coverage. HSA contributions for family coverage (other than catch-up contributions) are divided equally between you and your spouse unless you and your spouse agree on a different division. Thus, you and your spouse can divide the annual HSA contributions in any way you want, including allocating nothing to one of you.

You cannot receive tax-free withdrawals for the same claim from more than one HSA account.

Nonqualified Medical Expenses

What expenses do not quality for a tax-free withdrawal?
The following are examples of expenses that would not qualify for a tax-free withdrawal from your Health Saving Account:

- Health plan premiums (contributions to the Company's health plans are already made on a before-tax basis). Exceptions are: COBRA premiums, Medicare premiums, health premiums while you are receiving unemployment insurance, retiree medical plan premiums other than for Medigap insurance and certain long-term care insurance premium amounts.
- Costs you deduct as qualified medical expenses on your federal income tax return
- Expenses not eligible to be deducted under federal tax law
- Expenses reimbursed by any other health plan
- Health club membership dues
- Cosmetic surgery; electrolysis, hair removal or transplants, liposuction, etc.
- Vitamins and other dietary supplements, toiletries and cosmetics
- Medications purchased merely to maintain you or your family's health
- Prescription drugs that are not medically necessary and excluded by the IRS (such as Rogaine)
- Cosmetic dental work (including bleaching, bonding and veneers)
- Undocumented travel to or from your physician's office or other medical facility
- Weight loss programs (unless you have a letter from your treating physician indicating medical necessity)

Withdrawals

How to pay for qualified expenses – Do I need to file a claim for qualified HSA expenses?
No. If you participate in Mercy Health Plans preferred banking partner's HSA program you pay for qualified expenses using your HSA Visa Debit Card or request an electronic funds transfer via the HSA Administrator's Internet site.

Although you do not file a claim when using the HSA Visa Debit Card, be sure to keep records (for example, receipts) so that you can prove to the IRS that the withdrawals are for qualified medical expenses that were not otherwise reimbursed.

How do I use the Mercy Health Plans HSA Visa Debit Card to make a purchase?
The HSA Visa Debit Card is accepted at point-of-sale locations that offer access to NYCE Pulse and Interlink networks and wherever Visa debit cards are accepted.

At the point-of-purchase:

- Present your card for payment or swipe your card through the point-of-sale (POS) machine

- Choose credit (if you choose credit, your purchase amount will be subtracted from your HSA balance and you will be asked to sign a purchase receipt) or debit (if you choose debit, you will be asked to enter your four-digit Personal Identification Number (PIN), and your purchase amount will be subtracted from your HSA balance)

Account maintenance or transaction fees may apply.

Can I use the HSA Visa Debit card to make purchases over the telephone or Internet?
Yes. You can use your HSA Visa Debit Card to make purchases over the telephone or Internet by providing your card number and expiration date.

How do I pay for doctor's visits?
Once your medical claim has been processed through the insurance company, the doctor's office will send you a bill requesting any balance due. Simply write your Mercy Health Plans HSA Visa Debit card number on the doctor's bill and submit for payment.

How do I pay for my qualified medical expenses if I forgot my HSA Visa Debit Card?
If you forgot your HSA Visa Debit Card, pay for your qualified medical expenses as you normally would (using a credit card, personal check or cash). Then reimburse yourself for the out-of-pocket qualified medical expense by withdrawing cash with your HSA Visa Debit Card at a select ATM (ATMs that display Bank of America, VISA, Cirrus, Interlink or Pulse logos may be used). This transaction is considered a withdrawal from your HSA.

Note: If using any ATMs other than Bank of America, you will incur an ATM withdrawal fee. In addition, most ATM operators will also assess a "service fee" (typically between $0.50 and $2.00) for use of their ATM machine.

Be sure to keep records (for example, receipts) so that you can prove to the IRS that the withdrawals are for qualified medical expenses that were not otherwise reimbursed.

Expense Exceeds Account Balance – What if the amount of my expense is more than I have in my account?
You may make a purchase or a withdrawal up to the amount you have in your account. If your expenses exceed your account balance, your Mercy Health Plans HSA Debit Card purchase will be denied and applicable fees will be assessed. You may make another purchase or withdrawal when there is enough in your account to pay it.

The HSA Visa Debit Card Daily Withdrawal Limits – How much can I withdraw?
As long as you have the amount available in your account, the daily amount you can withdraw for payment to providers for qualified medical services will be set by your HSA Administrator.

As long as you have the amount available in your account, the daily amount you can withdraw (to pay for out-of-pocket qualified medical expenses from the ATM using an HSA Visa Debit Card (if available) will be set by your HSA Administrator.

Note: If using any ATMs other than Bank of America, you will incur an ATM withdrawal fee. In addition, most ATM operators will also assess a "service fee" (typically between $0.50 and $2.00) for use of their ATM machine. Other HSA Debit Card fees may apply.

Withdrawals for services and items other than qualified medical expenses are subject to federal, state, and local taxes, as applicable, and an additional 10% penalty unless the withdrawal occurs after you reach age 65, are disabled, or die.

Are there HSA Visa Debit Card daily withdrawal limits?
Yes. HSA Visa Debit Card has a daily limit set by your HSA Administrator. ATMs may restrict the amount you can withdraw in a single transaction and you may use the ATM more than once before you reach your HSA daily limit.

Note: If using any ATMs other than Bank of America, you will incur an ATM withdrawal fee. In addition, most ATM operators will also assess a “service fee” (typically between $0.50 and $2.00) for use of their ATM machine.

Be sure to keep record (for example, receipts) so that you can prove to the IRS that the withdrawals are for qualified medical expenses that were not otherwise reimbursed.

Withdrawals for services and items other than qualified medical expenses are subject to federal, state, and local taxes, as applicable, and an additional 10% penalty unless the withdrawal occurs after you reach age 65, are disabled, or die.

When to Request a Withdrawal – Can I withdraw funds before I pay my provider?
Yes. You may request a withdrawal via your HSA Visa Debit Card for qualified medical expenses that are incurred before you pay for them. IRS rules say that expenses are incurred only after the service or item has been provided, not when you are actually billed or pay for the service.

Be sure to keep records (for example, receipts) so that you can prove to the IRS that the withdrawals are for qualified medical expenses that were not otherwise reimbursed.

Expenses Incurred Before the HSA is established – Can I make a tax-free withdrawal for expenses incurred before I established the HSA?
No. The HSA can not make tax-free withdrawals for expenses incurred before your account was established. Accounts are established on the first of the month coincident with or following your enrollment as long as you are actively employed.

Unused Contributions at Year-end – What happens to contributions in my HSA that I have not used at year-end?
Any unused balance in your account at calendar year-end will be carried forward to the next calendar year, even if you do not participate in the Mercy Health Plans high deductible health plan.

Withdrawals if I do not participate in the high deductible health plan – Can I make withdrawals from my HSA if I do not participate in the Mercy Health Plans high deductible health plan?
Yes. Amounts contributed to the HSA belong to you. Although you can not contribute to the HSA unless you participate in the Mercy Health Plans high deductible health plan, you can make withdrawals at any time.

When to Request a Withdrawal – Can I withdraw funds before I pay my provider?
Yes. You may request a withdrawal for qualified medical expenses that are incurred before you pay for them. IRS rules say that expenses are incurred only after the service or item has been provided, not when you are actually billed or pay for the service.

When Contributions End

When Participation Ends – When do contributions to my HSA end?
Your before-tax contributions end on the first of the following to occur:

- The date you no longer meet the eligibility requirements
- The date you terminate employment
- The date of your death
- The date the HDHP plan is terminated

You can make contributions to your HSA on an after-tax basis directly to the HSA Administrator as long as you meet the tax requirements to contribute to an HSA

Becoming Covered by Medicare – What happens when I become covered by Medicare?
If you become covered by Medicare part A, you are no longer eligible to contribute to the HSA.

Termination of Employment – If I terminate my employment with the company can I continue making contributions to the HSA if I am on COBRA?
Yes. As long as you elect COBRA coverage for your Mercy Health Plans high deductible health plan or have other high-deductible health plan coverage and meet the other tax requirements to contribute to the HSA, you can make contributions to your HSA on an after-tax basis directly to the HSA Administrator.

Do I forfeit any money in my HSA when I terminate my employment with the company?
Amounts contributed to your HSA belong to you. HSA balances are non-forfeitable and always fully vested.

Not Participating in the Mercy Health Plans high deductible health plan – Can I make withdrawals from my HSA if I do not participate in the Mercy Health Plans high deductible health plan?
Yes. Amounts contributed to your HSA belong to you. Although you cannot contribute to the HSA unless you participate in the Mercy Health Plans high deductible health plan, you may make withdrawals at any time.

Transferring my account to Another HSA Administrator – Can I transfer my account to another HSA administrator?
Yes. You can transfer your HSA to another HSA administrator in one of two ways:

- Take a distribution by check and transfer your account within 60 days after the date you received the distribution. You are permitted one distribution during a one-year period.
- Transfer your account from trustee-to-trustee. There is no limit on the number of times you can request a trustee-to-trustee transfer.

Note: Contributions deducted from your paycheck are remitted to the HSA administrator chosen by the Company to administer HSA accounts. Your contributions will not be remitted to another HSA administrator if you choose to transfer your account.

Transferring your account upon divorce or separation – Can my account be transferred upon my divorce or separation?
Yes.

What Happens at Time of Death – In the event of my death, what will happen to my HSA?
In the event of your death, your designated beneficiary will receive your account. The tax treatment depends on who you have designated as your beneficiary. For example, if you designate your spouse as your beneficiary, your spouse becomes the owner of the HSA and the transfer is not subject to taxation. If your designated beneficiary is anyone else, your account ceases to be an HSA and your beneficiary will receive the fair market value of the HSA assets as of the date of death as taxable income. Unless your beneficiary is your estate, the taxable amount is reduced by any payments from your HSA made for your qualified medical expenses, if made within one year after death. You should consider talking to a professional tax advisor before you designate a beneficiary. Beneficiary designations are available from the HSA administrator.

Document Not Legal or Tax Advice
While the information in this document in intended to be as accurate as possible, it is not to be relied on for legal or tax advice. If you need legal or tax advice regarding your HSA, please consult competent legal or tax counsel. Mercy Health Plans is not the administrator of the HSA portion of its high-deductible health plans.

Rate Information

Rate data does NOT apply to filing.

Supporting Document Schedules

Review Status:

Satisfied -Name: Certification/Notice Approved-Closed 11/26/2008

Comments:

Please see attached certification form.

Attachment:

AR GMA_HSA 09 Rule 19 Certification.pdf

Review Status:

Bypassed -Name: Application Approved-Closed 11/26/2008

Bypass Reason: Please see Group Master Application under Form Schedule Tab.

Comments:

Review Status:

Satisfied -Name: Redlined documents Approved-Closed 11/26/2008

Comments:

The GMA & HSA Amendment (redlined documents) have been combined for review convenience.

Attachment:

AR GMA_HSA Combined 2009v3 Redlined_11.24.08.pdf

CERTIFICATION

I, Charles S. Gilham, am a duly authorized officer of Mercy Health Plans and do hereby certify that, per Rule and Regulation 19 and 42, Section 5 (b), there will be no unfair discrimination with respect to the medical/lifestyle application questions and underwriting standards.

______________________ 11-24-08

Charles S. Gilham, Vice President General Counsel
Mercy Health Plans
14528 S. Outer 40, Suite 300
Chesterfield, MO 63017
cgilham@mhp.mercy.net
(314) 214-8294

Date

STATE OF Missouri
COUNTY OF St Louis

Subscribed and sworn to before me this 24th day of November, 2008.

Cindy M. Strick
Signature of Notary Public

Cindy M. Strick
Printed Name of Notary Public

(NOTARY SEAL)

NOTARY PUBLIC NOTARY SEAL STATE OF MISSOURI

CINDY M. STRICK
My Commission Expires
November 19, 2010
St. Louis County
Commission #06499114

In and for the State of Missouri
My Commission expires: 11-19-2010

MERCY Health Plans

GROUP MASTER APPLICATION – ARKANSAS

[☐ New Group ☐ Renewal ☐ Plan Change ☐ Revisions]

GROUP INFORMATION

Effective Date:		Termination Date:	
Company Name:			
Billing Address:	City:	State:	Zip:
Physical Address:	City:	State:	Zip:
Phone:		Fax:	
Contact:	Title:		Email:
Type of Business:	SIC Code:		# of Years in Business:
Tax ID No.			

☐ Yes ☐ No In the past three years, has company filed for any form of bankruptcy?
☐ Yes ☐ No In the past three years, has any petition for bankruptcy been filed against company?

ELIGIBILITY INFORMATION

Total number of Eligible Employees:		Total number of Employees Applying for Coverage:	
Total number of Employees waiving (with Other Coverage)		Total number of Employees Waiving (without Other Coverage)	
Total number of Out-of-Area Employees:		Total number of COBRA participants:	
Total Number of Plan Employees:		Total number of Plan Members:	
States where Out-of-Area Employees Reside:		How many employees at each location?	

List any employee classes to be excluded from coverage: (i.e. part-time, seasonal, temporary)	
Annual Open Enrollment Period (date span)	
Effective Date for New Employees (CHOOSE ONE): NOTE: If Different for Different Classes, Please Specify.	☐ Date of Hire ☐ 30 ☐ 60 ☐ 90 Days ☐ 120 Days - After the Date of Hire First of the Month following: ☐ Date of Hire ☐ 30 ☐ 60 ☐ 90 ☐ 120 Days ☐ Other (Please Explain):____
Number of Hours Worked per Week for Insurance Eligibility: (not to exceed 30 hours per week for Small Group Only):	
Termination Date of Plan Member:	☐ Date of Termination **OR** ☐ End of Month
Termination Date of Dependent Children:	☐ On [19-25] Birthday **OR** ☐ End of Month when turning [19-25] Full Time Student Age:_____ ☐ Date of Birth ☐ End of Month

[Domestic Partner Coverage: (Large Group Only):		☐ Yes ☐ No]
Employer Contribution:	Employee Only:	Dependent(s):

Deleted: 2

Group Name | Group Name

[Arkansas Region PPO Options available for Groups 2 to 25 eligible employees:]

Plan	Deductible (In-Network/ Out of Network)	Coinsurance (In-Network/Out of Network)	Maximum Out of Pocket (In-Network/ Out of Network)	Office Visit Copayments (PCP/ Specialist In-Network)	Prescription Drug (Tier 1/ Tier 2/ Tier 3/ Tier 4)
☐ [ARK][A- Z] - [YR]	[$0-$10,000] / [$0-$20,000]	[0%-50%] / [0%-50%]	[$0-$10,000] / [$0-$20,000]	[$0-$100] / [$0-$100]	[$0-$250] / 0%-50%]

[Dual Option*: ☐ Yes (select 2 Plans above) ☐ No]

*[*Only Groups with 10 or more covered.]*

[Arkansas Region PPO Options available for Groups with 26+ eligible employees:]

Deductible (In-Network/ Out of Network)	Coinsurance (In-Network/Out of Network)	Maximum Out of Pocket (In-Network/ Out of Network)	Office Visit Copayments (PCP/ Specialist In-Network)	Prescription Drug (Tier 1/ Tier 2/ Tier 3/ Tier 4)
$_____/ $______ ☐ 2x (family) ☐ 3x (family)	_____%/ _____%	$_____/ $______ ☐ 2x (family) ☐ 3x (family)	$____/ $_____	$____/ $___/ $___/ ____%
$_____/ $______	_____%/ _____%	$_____/ $______	$____/ $_____	$____/ $___/ $___/ ____%

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☐ 2x (family) ☐ 3x (family)		☐ 2x (family) ☐ 3x (family)]		
Dual Option: ☐ **Yes** ☐ **No**				

[Arkansas Region HDHP/HSA PPO Options available for Groups 26+ Eligible Employees:
(TO BE USED FOR HDHP/HSA)]

Deductible (In-Network/ Out of Network)	**Coinsurance (In-Network /Out of Network)**	**Maximum Out of Pocket (In Network/ Out of Network)**	**Prescription Drug (Tier 1/ Tier 2/ Tier 3/Tier 4)**
$_____/ $______	____%/ ____%	$______/ $_______	$____/ $____/$____/[$] ____[%]
$_____/ $______	____%/ ____%	$______/ $_______	$____/ $____/$____/[$] ____[%]
Dual Option: ☐ **Yes** ☐ **No**			

PLAN OPTIONS: [NONE]

[☐ MyChoice Wellness Benefit Plan]	[This program is offered under the proposed bona fide wellness program regulations of the Health Insurance Privacy and Accountability Act of 1996 (HIPAA). Eligible Subscriber and Dependent spouses (if applicable) who qualify for MyChoice will have Benefits as outlined in the Certificate Of Coverage. Dependent children will have the same Benefits. Qualification is based on *both* the eligible Subscriber and Dependent spouse (if applicable) agreeing to the requirements set forth in this amendment.]
[☐ HSA/HDHP Amendment]	[Eligible Subscribers and Dependents who qualify for a Health Savings Account (HSA) will have high deductible health plan (HDHP) Benefits as outlined in this Schedule of Coverage and Benefits, and the HSA Amendment.]
[☐ HRA Amendment]	[Eligible Subscribers and Dependents who qualify for a Health Reimbursement Account (HRA) will have Benefits as outlined in this Schedule of Coverage and Benefits, and the HRA Amendment.]

RIDERS:

[☐ Family Services	• Tubal ligation and vasectomies.]
[☐ Birth Control Services *Required only if Outpatient Prescription Drug is covered.*	• Contraceptives, (oral, topical, injectable), intrauterine devices (IUDs), and insertion and routine removal of implantable contraceptives (no more than once every three (3) years, unless Medically Necessary.)]
[☐ Outpatient Prescription Drug]	• [Mail order [0%-50% Coinsurance] [1x, 2x, 2.5x, 3x Copayment] for up to a 90-day supply] • [90-day Retail Pharmacy [0%-50% Coinsurance] [1x, 2x, 2.5x, 3x Copayment] for up to a 90-day supply.]
CRANIOMANDIBULAR AND TEMPOROMANDIBULAR JOINT (TMJ) DISORDER RIDER	**Please check one:** ☐ I elect to provide coverage for craniomandibular and Temporomandibular Joint (TMJ) services. ☐ I elect not to provide coverage for craniomandibular and Temporomandibular Joint (TMJ) services.

HEALTH OVERVIEW

Answer “Yes” or “No” to the following questions. Please explain any “Yes” answers in the next section.

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1. ☐ Yes ☐ No Have any Employees or Dependents incurred a medical expense exceeding $10,000 in the past 18 months?
2. ☐ Yes ☐ No Are any Employees or Dependents expected to have a major hospitalization or surgery in the next 6-month period?
3. ☐ Yes ☐ No Are any Employees or Dependents presently in a hospital or treatment facility?
4. ☐ Yes ☐ No Are any Employees on extended sick or injured leave?
5. ☐ Yes ☐ No Are any Employees or Dependents currently pregnant?
6. ☐ Yes ☐ No Are any Employees currently not at work performing their duties full-time due to illness or injury?
7. ☐ Yes ☐ No Are any Employees or Dependents undergoing regular or periodic treatment for a mental or physical disorder?

HEALTH OVERVIEW EXPLANATION

Please give details for any "Yes" answers from above. Please identify question above; give name and diagnosis.

PREVIOUS CARRIER INFORMATION

Please list the name of all insurance carriers in the last five years.

Please list the company's insurance rates for the past year.

	Employee	Employee + Spouse	Employee + Child(ren)	Family
Previous Year				
Current Rates				
Renewal Rates				

CURRENT BENEFITS:

Deductible	**Coinsurance**	**Maximum Out of Pocket**	**Office Visit Copayments**	**Prescription Drug**
$______/ $______ ☐ 2x (family) ☐ 3x (family)	_____%/ _____%	$______/ $_______ ☐ 2x (family) ☐ 3x (family)	$_____/ $_____	$___/ $___/ $___/ ____%
$______/ $______ ☐ 2x (family) ☐ 3x (family)	_____%/ _____%	$______/ $_______ ☐ 2x (family) ☐ 3x (family)	$_____/ $_____	$___/ $___/ $___/ ____%

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Dual Option: ☐ Yes ☐ No

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READ THIS IMPORTANT INFORMATION

The applicant for this health coverage affirms that all information is complete and accurate to the best of their knowledge. Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison. As changes occur, the applicant agrees to notify Mercy Health Plans (MHP) so that coverage premiums may be adjusted. This includes the addition or deletion of Plan Members, changes in company standards, or the installation of hazardous equipment. MHP will continue coverage based on the current information on hand at the time claims are filed.

The applicant agrees to allow MHP to use medical data for its own or a third party's research needs. MHP may use this information during or after coverage has been terminated. Confidentiality laws will govern the use of all information that pertains to individuals. At no time will confidential business information between the applicant and MHP be given to another party without first gaining written authorization.

Renewal rates may change periodically, and will be based on information that allows for projected future claims, as permitted by state law. If this application is approved in writing by MHP, and if a full monthly premium binder has been made, coverage will be effective on the agreed upon date. The applicant may use the canceled check as "proof of payment". Once coverage has been granted to the applicant, the premium binder will not be refunded if the applicant cancels coverage. All premium binders will be applied to the first premium payment or any outstanding balance due.

Applicant must have at least two (2) eligible employees. Applicant understands that if information becomes known after the effective date, which would have materially affected the Underwriting decision or rates offered the group by MHP, then MHP may terminate the coverage or increase the rates retroactively to the initial effective date. No statement voids the coverage or reduces the benefits after the coverage has been in force two (2) years from its effective date, unless the statement was material to the risk assumed and contained in a written statement.

☐ **The Group** is responsible for preparing and delivering all Certificates and Notices in accordance with and as required by **HIPAA**.

☐ **MHP** is responsible for preparing and delivering all Certificates and Notices in accordance with and as required by **HIPAA**.

Employer acknowledges that MHP does not cover medical care or treatment for an Illness or Injury arising out of or in the course of any occupation or employment for compensation, profit or gain, regardless of whether or not such Illness or Injury is covered by Workers' Compensation law, occupational disease law, or laws of a similar character.

[Employer understands that the coverage and rates contained in this Application are offered by MHP on an exclusive basis, and if Employer accepts the stated coverage and rates, agrees that MHP will be the exclusive health care plan offered to its employees. Failure by Employer to offer MHP on this exclusive basis prior to the effective date of coverage will result in immediate withdrawal of the proposed coverage and rates provided herein, without any further notification to Employer by MHP. MHP must approve exceptions to this agreement in writing**.**]

NOTICE OF GUARANTEED RENEWAL

This contract will be guaranteed renewable, subject to the group meeting underwriting rules of Mercy Health Plans (MHP), and making premiums payments as indicated in the Certificate of Coverage, unless MHP discontinues this product or discontinues offering all products in the small or large group markets, or both.

If MHP discontinues offering this product, the group will be given at least ninety (90) days notice prior to discontinuance and will be offered all remaining products, on a guaranteed basis by MHP.

If MHP discontinues offering all products in the small or large group markets or both, the group will be given at least one hundred eighty (180) days notice prior to discontinuance.

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Applicant may terminate this Agreement on any anniversary date by giving MHP sixty (60) days advanced written notice. Any premiums due must be paid to MHP prior to termination.

Authorized Group Representative Name:		Title:	
Authorized Group Representative Signature:		Date:	
Authorized Producer Name:			
Authorized Producer Signature:		Date:	
Agency Name:			
Agency Address/Phone:			
MHP Account Executive:		Date:	

Before sending application please review the following:

- Answer questions in full and to the best of your knowledge.
- If replacing coverage, submit most recent premium notice with list of covered individuals.
- Do not cancel your coverage until your application is accepted in writing by MHP.
- Please submit current wage and tax statement.
- Include with this application a check for the first month's full payment.

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ADDITIONAL RIDERS – FOR LARGE GROUPS ONLY:

[☐ Employee Assistance Program	• Short-term counseling for a maximum of [three (3)][four (4)][eight (8)][twelve (12)] counseling sessions in a Calendar Year. $0 Copayment for Participating EAP Providers.]
[☐ Hearing Aid Services	Hearing Aids and Testing: ▪ Maximum Benefit of [$1,000 - $3,000] allowable expense applicable toward the purchase of hearing aids every [two – five] Calendar Years. ▪ [[0% - 50%] Member Coinsurance] for each purchase. ▪ [Specialist Copayment for annual hearing test. If hearing test is done in conjunction with an office visit, only one Copayment applies]]
[☐ Prescription Eyewear	[[$ *] dollar benefit maximum toward the purchase of eyeglasses (lenses and frames) and/or contact lenses from a Participating Provider during any consecutive [twenty-four (24)] [twelve (12)] month period.]
[☐ Other	[Name of Rider:

[RATES (Initial Quote only, FINAL rates will be determined by Underwriting)]

4 Tier		**3 Tier**		**Age/ Gender**
Employee Only:		Employee Only:		See Attached Rate Proposal
Employee + Spouse:		Employee + One:		
Employee + Child(ren):		Employee + Two or More:		
Family:				

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Plan

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Coinsurance

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Deductible

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Office Visit

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Drug

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(excluding deductible)

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[Dual Option*: ☐ Yes (select 2 Plans above) ☐ No]

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[*Only Groups with 10 or more covered.]

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HSA Amendment

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Amendment
This document amends the Mercy Health Plans high deductible health plan that is included with this HSA amendment. This HSA amendment adds a Health Savings Account feature described in this document.

Overview
Health Savings Accounts (HSAs) were created by federal law and are designed to help individuals save for qualified medical and retiree health expenses on a tax-free basis. The HSA (HSA) is a tax-advantaged trust available to employees who elect a high-deductible health plan. The HSA allows you to put aside money before taxes are withheld so that you can pay for current and future qualified medical expenses, including long-term care, COBRA, and Medicare Premiums. Your account can also pay for non-qualified medical expenses, although reimbursement for such expenses are subject to federal, state and local taxes, as applicable, and in most cases a penalty tax.

Important Information about HSAs
You must meet certain tax requirements to establish and contribute to the HSA. Below, is a general summary of some HSA features.

- Anyone who is covered by a high-deductible health plan (as defined in Internal Revenue Code Section 223) may establish an HSA.
- Amounts contributed to an HSA belong to you and are completely portable. Although you cannot roll the HSA funds over into an IRA, you can roll the HSA funds into another HSA.
- Every year the money not spent would stay in the HSA and earn interest tax-free, just like an IRA.
- Unused amounts in the HSA remain available for later years (unlike amounts in Flexible Spending Accounts that are forfeited if not used by the end of the year).
- Funds can be withdrawn from the HSA for either qualified medical or other expenses. If the amount withdrawn is used for qualified medical expenses, then the withdrawal is tax free. If the amount withdrawn is used for expenses other than qualified medical expenses, the amount withdrawn will be taxed and for individuals who are not disabled or over age 65, subject to a 10% tax penalty.
- To encourage saving for health expenses after retirement, HSA owners between age 55 and 65 are allowed to make additional catch-up contributions to their HSAs.
- Responsibility for meeting all the tax rules is yours. For example, to avoid taxation and possible penalties, it's up to you to make sure that any withdrawal you take from the HSA is for a qualified medical expense.
- Additionally, just like an IRA, it is your responsibility to confirm your eligibility to contribute to an HSA under the tax rules. For example, if you have other medical coverage (i.e., through your spouse's employer) that is not high deductible health plan coverage, then you should not establish and contribute to the HSA made available through this plan. Also, if you have another HSA, you will have to make sure that your total contributions do not exceed the IRS limits.
- Before making any decision, you should carefully consider whether or not you want to establish an HSA (assuming you are eligible to do so) and, if so, whether you want to use the HSA product that this plan is making available or another trustee's HSA (which might have different features, for example, other investment options).

Note that this Amendment describes the HSA that Mercy Health Plans makes available through its banking partner, and not the rules that govern HSAs generally or HSAs available from other trustees.

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Moreover, it is important that you consult with a financial or tax professional for information about your personal tax situation.

An additional note on tax advice. The tax laws are complicated and often change. None of the information in this Amendment is intended to provide personal tax advice to any employee, terminate participant, beneficiary or alternate payee.

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Eligibility
If your employer's health plan, provided by Mercy Health Plans, meets the requirements set forth below, you become eligible on your eligibility date.

<u>Eligibility Requirements</u>

Eligible Employees
You are eligible if you are covered under a Mercy Health Plans high deductible health plan. You must participate in a Mercy Health Plans high deductible health plan to be eligible for this Plan.

In order to establish and contribute to the HSA, you must:

- Be enrolled in a Mercy Health Plans high deductible health plan,
- Not be covered by other health insurance (this rule does not apply to specific injury insurance and accident disability, dental care, or long-term care),
- Not be eligible for Medicare, and
- Not be claimed as a dependent on someone else's tax return.

Therefore, you cannot elect the HSA if you or a family member participates in a traditional health Care Flexible Spending Account, you are enrolled in Medicare, or have other non-high-deductible health plan coverage (such as through your spouse's employer plan).

Important Note: It is up to you to make sure that you meet the tax requirements to establish and contribute to the HSA. Mercy Health Plans does not have the information or the responsibility to monitor you status.

You should consult with a tax professional for information about your personal tax situation.

How the HSA Works
You may contribute to your account through payroll deductions on a before-tax basis. If desired, you may also directly deposit funds into your HSA account. You can make a tax-free withdrawal up to the balance available in your account to cover qualified medical expenses.

You may also use your account to pay for non-qualified medical expenses, although withdrawals for such expenses are subject to federal, state, and local taxes, as applicable, and in most cases, a penalty tax.

Any unused balance in your account at year-end is carried forward to the next calendar year, even if you do not participate in a Mercy Health Plans high deductible health plan next year.

Establishing an HSA
You are eligible to establish an HSA

- Anytime during the plan year if you are enrolled in a Mercy Health Plans high deductible health plan
- During annual enrollment

If you enroll during the plan year, your HSA becomes effective coincident with or the first of the month following your enrollment as long as you are actively employed and enrolled in a Mercy Health Plans high deductible health plan.

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Contributions
Under the current tax rules, you can contribute the lesser of:

- Your annual deductible under the Mercy Health Plans high deductible health plan; or
- A fixed dollar amount prescribed by federal law and indexed for inflation each January 1.

If you establish an account after January 1 or change your coverage level under a Mercy Health Plans high deductible health plan because of a qualified family status change during the year, your maximum contribution will be prorated based on the number of full months remaining in the calendar year and your level of coverage under the a Mercy Health Plans high deductible health plan.

If you discontinue your Mercy Health Plans high deductible health plan coverage during the year because of a qualified family status change, your before-tax contributions to the HSA will cease, but you may continue to withdraw from your unused account balance for qualified and non-qualified medical expenses.

Mistakes
If you contribute more than the law allows to the HSA or another HSA, then it is your responsibility to notify the banking partner that you have utilized to establish your account of the excess contribution and to request the withdrawal of the excess contribution and any net income attributable to the excess. You should consult with a tax professional for information on your personal tax situation.

Withdrawals for Expenses that Can Be Reimbursed Tax-Free
In general, you may withdraw from your HSA for qualified medical expenses on a tax-free basis for yourself as the employee covered by a high-deductible health plan, your spouse (even if he or she is not covered by a high-deductible health plan), and your qualifying family members (even if not covered by a high-deductible health plan).

Withdrawals for services and items other than qualified medical expenses are subject to federal, state, and local taxes, as applicable, and an additional 10% penalty unless the withdrawal occurs after you reach age 65, are disabled or die.

For HSA specific requirements under IRC Section 223, see **IRS Publication 969**. IRS publications are available on the IRS' website or by calling the IRS at 1-800-829-3676. You may also check with the HSA Administrator if you have questions about reimbursable expenses. **The HSA Administrator is the financial institution you have chosen to handle your HSA funds.**

Getting Reimbursed through HSA Withdrawals
Withdrawals from the HSA can be made by paying for qualified expenses using your HSA Visa Debit Card. In addition, you may utilize the HSA administrator's member-directed Internet site to request reimbursement via electronic funds transfer or electronic check mailed to your address. As long as you have the funds available in your account, you may pay for qualified medical expenses using your HSA Debit Card.

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When Your Contributions End
Your before-tax contributions end on the first of the following to occur:

- The date you no longer meet the eligibility requirements
- The date you terminate employment
- The date of your death
- The date the plan is terminated

However, as long as you meet the tax requirements to contribute to the HSA (by electing COBRA for a Mercy Health Plans high deductible health plan or having other high-deductible health plan coverage) you can make HSA contributions on an after-tax basis directly to the HSA Administrator. (You may be entitled to a tax deduction for these after-tax contributions.)

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Qualifying Family Members

Who are my Qualifying Family Members for HSA Withdrawals?
According to the IRS, you can make withdrawals for qualified medical expenses for you or your qualifying family members. A qualifying family member includes any person who qualifies for tax-free health plan benefits under the Internal Revenue Code (see IRS Publication 969)

> **Deleted:** , including any of the following individuals:

> **Deleted:** <#>Your spouse¶
> <#>A person for whom you can claim an exemption on your federal taxes¶
> <#>A person who meets all of the following criteria:¶
> <#>Is your child (by birth or adoption). Stepchild or foster child; your sibling or, step-sibling; or the descendant of your child, stepchild, foster child or sibling¶
> <#>Lives with you for more than half the year¶
> <#>Does not provide more than half his or her own support for the year¶
> <#>Is age 18 or younger for the entire calendar year; age 23 or younger and full-time student for the entire calendar year; or permanently and totally disabled at any time during the calendar year (regardless of age)¶
> <#>Is either a US citizen, national, or resident of Canada or Mexico; or a child being adopted by a US citizen or national who shares that individual's home as a member of the household¶
> <#>Another dependent or domestic partner* who meets all of the following criteria:¶
> <#>Receives more than half of his or her support from you during the calendar year¶
> <#>Cannot be claimed as anyone's "qualifying child" dependent¶
> <#>Is a relative or, if the person is not your relative, he or she must live with you for the entire calendar year as a member of your household (except for temporary reasons such as vacation, military service or education) and the relationship cannot be in violation of local law¶
> <#>Is either a US citizen, national, or resident; a resident of Canada or Mexico; or a child being adopted by a US citizen or national who shares that individual's home as a member of the household.¶
> ¶
> ***Note:** Unless your approved domestic partner or his or her children qualify for tax-free health plan benefits (as described above), the federal government does not permit you to use HSAs for expenses incurred by your approved domestic partner or his or her children on a tax-free basis.¶

Determination of Qualified Medical Expenses

Who determines whether the withdrawal is for a qualified medical expense?
You do. You are required both to determine whether withdrawals are used for qualified medical purposes and to report on your annual tax return the amount withdrawn that is used for qualified medical expenses. Neither Mercy Health Plans nor its HSA banking partner will monitor this. Be sure to keep records (for example, receipts) so that you can prove to the IRS that the withdrawals are for qualified medical expenses that were not otherwise reimbursed.

Examples of Qualified Medical Expenses – What expenses qualify for withdrawals on a tax-free basis?
The following are examples of expenses that qualify for a tax-free withdrawal from your HSA in accordance with Internal Revenue Code Sections 213 and 223:

- Medical services provided by medical practitioners and that are not reimbursed by another medical plan
- Charges for medically necessary services not reimbursed by medical and dental plans, including but not limited to the following:
  - Deductibles
  - Out-of-pocket expenses
  - Coinsurance
  - Charges exceeding reasonable and customary amounts
  - Charges exceeding plan limits
  - Prescription drug charges exceeding the network negotiated price
  - Other non-covered charges
- All medically necessary prescription drugs and certain other prescription drugs permitted by the IRS (e.g., contraceptives and pre-natal vitamins)
- Certain over-the-counter non-prescription medicines, such as allergy and cold medications, aspirin and antacids, if they are intended to alleviate or treat personal injuries or sickness
- Eye exams, glasses (frames and lenses), contact lenses and solutions for contact lenses
- Dental implants
- Hearing exams, hearing aids
- Cost differences between semi-private and private hospital rooms
- Cost for special medical equipment installed in your home, or for home improvements for purposes of medical care, e.g.., ramps, support bars, railings, etc.
- Fees for special schools on the recommendation of a physician, including schools for the mentally impaired, physically disabled or individuals with severe learning disabilities
- Transportation (amounts paid for travel primarily for, and essential to, medical care)
- Personal use items if primarily used to prevent or alleviate a physical or mental defect or illness, e.g., wigs, Braille books, hearing aids, etc.
- Nursing services in hospital, nursing home or your home
- Smoking cessation programs
- Weight loss programs (if you have a letter from your treating physician indicating medical necessity)
- Alternative medicine
- Christian Science practitioners

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- Long-term care insurance premiums (Note: the tax-free reimbursement can't exceed the annually adjusted "eligible long-term care premiums" in the Internal Revenue Code. This amount is based on age.)
- COBRA premiums
- Medicare Premiums
- Health premiums while you are receiving unemployment insurance.
- Retiree medical plan premiums other than for Medigap insurance.

For guidelines on qualified medical expenses under Internal Revenue Code (IRC) Section 213, see **IRS Publication 502**. However, some items listed in this publication are not reimbursable under the HSA (e.g. premiums, except for certain premiums at age 65 or older). For HSA specific requirements under IRC Section 223, see **IRS Publication 969**. IRS publications are available at www.irs.gov or by calling the IRS at 1-800-829-3676. You may also check with the HSA Administrator if you have questions about reimbursable expenses.

As an HSA owner, you are responsible for verifying whether funds are appropriately used for qualified medical expenses and for maintaining appropriate records.

You should consult with a tax professional for information about your personal tax situation.

Enrollment

How to Enroll
Once you decide to elect an HSA, you will receive an information packet in the mail from your HSA Administrator. The welcome packet will provide detailed instructions of how you set up your HSA account.

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Re-enroll each year – Do I have to re-enroll every year?
Yes. You must elect to contribute to your HSA each year.

Mid-year Enrollment – Can I enroll at any time during the year?
If you enroll in the Mercy Health Plans high deductible health plan, you may establish an HSA at any time during the year. Your contributions begin on the first of the month coincident with or following the date you establish the HSA. Your contributions will be prorated based on the number of full months remaining in the calendar year and your level of coverage under the Mercy Health Plans high deductible health plan. You can not make withdrawals from your HSA on a tax-free basis for any expenses incurred before the HSA is established.

Participation in Other Plans – Do I have to be enrolled in the company medical plan to establish and contribute to the HSA?
Yes – you must be a participant in the Mercy Health Plans high deductible health plan to be eligible to establish and contribute to the HSA.

You are not eligible to establish an HSA if you or a family member elects a traditional Health Care Flexible Spending Account in the same calendar year, or if you are eligible for Medicare or have other non-high-deductible health plan coverage (such as through your spouse's employer plan).

Can I contribute to the HSA while I am using the prior year's traditional Health Care Flexible Spending Account to be reimbursed for claims incurred during that Plan's grace period?
You cannot contribute to the HSA while you are participating in a traditional Health Care Flexible Spending Account, including any grace period under a traditional Health Care Flexible Spending Account.

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When Contributions Start

HSA Contributions Start Date – When will my Health Savings Account before-tax contributions start?
Your before-tax HSA contributions will start on:

- The first of the month coincident with or following your effective date of enrollment as long as you are actively employed. Your contributions will be prorated based on the number of full months remaining in the calendar year and your level of coverage under the Mercy Health Plans high deductible health plan.
- January 1 if you enroll during annual enrollment (may be delayed until April 1 if you participated in a traditional Health Care Flexible Spending Account in the prior year.)

Contributions do not continue automatically from plan year to plan year; you have to enroll during the annual enrollment period to contribute to your HSA each year.

For expenses incurred before your account is established, withdrawals can not be made on a tax-free basis.

When on a Leave of Absence – What happens to my HSA if I am on a leave of absence?
You may continue to make withdrawals from your HSA while on a leave of absence. When you return from your leave of absence, your contributions will be adjusted automatically so that your reach your annual contribution amount.

If you take an authorized leave of absence that is covered under the Family and Medical Leave Act (FMLA), you may elect to continue your before-tax contributions to your account by prepaying them for the period of the leave (otherwise, your contributions will be adjusted automatically when you return from leave so that you reach your annual contribution amount). To prepay before-tax contributions, you must authorize a lump-sum payroll deduction prior to the start of the leave.

Making Changes

Changing Contributions – Can I change the amount I contribute?
Yes. You may elect to change the amount you contribute at any time during the year. Your contributions begin on the first of the month coincident with or following the change as long as you are actively employed. Your contributions will be prorated based on the number of full months remaining in the calendar year and your level of coverage under the Mercy Health Plans high deductible health plan.

Contributions

Choosing Contribution Amounts – How do I decide how much to contribute?
You select an amount to contribute for the plan year up to the maximum amounts as provided in the Internal Revenue Code (see IRS Publication 969). If you are age 55 or above, you may make additional contributions as described in the catch-up contribution questions.

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For 2008, you can contribute up to:¶
<#>$1,100 per year if you have individual coverage, or¶
<#>$2,200 per year if you have family coverage¶

If you establish an HSA after January 1 or change your coverage level under the Mercy Health Plans high deductible health plan because of a qualified family status change during the year, your maximum contribution will be prorated based on the number of full months remaining in the calendar year and your level of coverage under the Mercy Health Plans high deductible health plan.

If you discontinue your Mercy Health Plans high deductible health plan coverage during the year because of a qualified family status change, your before-tax contributions to the HSA will cease, but you

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may continue to withdraw from your unused account balance for qualified and non-qualified medical expenses.

If you are age 55 or above, you may make additional contributions, as described below.

What is my maximum contribution if my spouse and I each have family high-deductible health plan coverage?
If both you and your spouse have family coverage, then the lower annual deductible to family coverage is used to determine the contribution limit.

HSA contributions (other than catch-up contributions) are divided equally between you and your spouse unless you and your spouse agree on a different division. This, you and your spouse can divide the annual HSA contribution in any way you want, including allocating nothing to one of you.

What is my maximum contribution if my spouse and I each have individual high-deductible health plan coverage?
Your maximum contribution is equal to the annual deductible for individual coverage under the Mercy Health Plans high deductible health plan.

What is my maximum contribution if I have family high-deductible health plan coverage and my spouse has individual, non-high-deductible health plan coverage?
If you participate in the Mercy Health Plans high deductible health plan, your maximum annual HSA contribution is equal to the annual deductible for family coverage under the Mercy Health Plans high deductible health plan. Your spouse may not contribute to a Heath Savings Account.

Changing Contribution Amounts – How often can I make changes to my contribution amount?
You may make changes to your contribution amount any time during the year. All changes made during the year will be effective on the first of the month coincident with or following the date you change your contribution amount.

Company Contributions – Does the company contribute to my HSA?
No. The Company does not make contributions to your account.

Minimum Contributions – Do I have to contribute a minimum amount?
No. There is no minimum contribution amount.

Catch-up Contributions – Is there any time I can make contributions over the maximum to my HSA?

- Yes. In the year you turn age 55 and each year thereafter, assuming you are eligible to contribute to the HSA, you may make additional "catch-up" contributions to your HSA. The additional amounts for both individual and family coverage are set out in the Internal Revenue Code guidelines (see IRS Publication 969).

Note:

- All contributions must be made by check and remitted directly to the HSA Administrator. Your contributions may be taken as a deduction on your tax return.
- Contributions can be made until April 15th of the following year and such contributions will count towards the prior year's contribution amount.
- Your "catch-up" contribution will be prorated based on the number of full months that you have coverage under the Mercy Health Plans high deductible health plan.

When Are Contributions Made – When are contributions deposited in my account?
Your contributions will be deducted from each paycheck (beginning on the first of the month) you receive and deposited into your account.

You may make after-tax contributions directly to the HSA Administrator if:

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$900 in 2008

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- Your contributions have been prorated because you established an HSA during the year and you were otherwise eligible to make HSA contributions in the months prior to establishing your HSA, or
- You are eligible for catch-up contributions.

When Contributions Start – When will contributions start to come out of my paycheck?
When you first enroll as a newly-eligible employee or change your coverage level under the Mercy Health Plans high deductible health plan because of a qualified family status change, your contributions will begin or change on the first of the month coincident with or following your enrollment.

Unused Contributions at Year-end – What happens to contributions in my HSA that I have not used at year-end?
Any unused balance in your account at the end of the calendar year will be carried forward to the next calendar year, even if you do not participate in the Mercy Health Plans high deductible health plan next year.

Contributing more than the legally-allowed maximum – What happens if I contribute more than the legally allowed maximum?
You must withdraw contributions to your HSA that is in excess of the IRS contribution limits. Otherwise, the amount over the legally-allowed maximum will be subject to tax. You must pay income tax on the withdrawn amount. You should consult with a tax professional for information about your personal tax situation.

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Tracking Contribution Limits – Who is responsible for keeping track of my contribution limits?
You are responsible. Keep in mind that if your spouse covers (or starts covering) you during the year under a medical plan that is not a high-deductible health plan then you may not contribute for the period beginning when your spousal coverage started.

Contribution Limit if More than One HSA – What is my contribution limit if I have more than one HSA?
You total contribution limit does not change because all HSA contributions are aggregated.

Coordinating Contributions amongst HSAs – How do I coordinate my contribution limit among my HSAs?
You can coordinate your contribution limit among your HSAs any way you would like. It is your responsibility to make sure that your total contributions do not exceed the total limit on HSA contributions.

Deducting Before-Tax Contributions on My Tax Return – Can I deduct my before-tax contributions to my HSA on my tax return?
No. Only after-tax contributions to the HSA may be deducted on your income tax return. You did not pay tax on the before-tax payroll contributions, so you can not take a deduction for them.

Who Can Make Contributions to the HSA?
Anyone. Contributions can be made by others (for example, members of your family) on your behalf, and you can take a tax deduction for those contributions.

Account Information

Account Balance – How can I find out how much money is in my account?
To find out how much money is in your account, log in to the HSA Administrator's website. If you are not currently registered, go to the HSA Administrator's website and follow the instructions for registration. Once you are registered, you will be able to log in to the HSA Administrator's website and access the "products and programs" section where you will find HSA information.

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A statement showing your account activity, such as contributions, withdrawals and interest accrued, will be issued by the HSA Administrator twice each year.

Information on Your Account Statement – What information can I find on my account statement?
You will find the following:

- The dates on which the withdrawals were made
- Your balance as of the statement date
- Your withdrawals
- Your total contributions
- Your total interest

Interest on Account – Do I earn interest on the money in my account?
Yes. Funds contributed to the HSA are invested in your account and earn tax-free interest. The interest is posted monthly. The interest rate is subject to change every six months (January 1 and July 1). You will be notified by the HSA Administrator of any interest rate changes prior to the change going into effect.

Establishing an Account with a Different Trustee – Can I establish an HSA with a trustee different from the trustee the company has chosen?
Yes. You may establish an HSA with any trustee you choose. However, the company will only deduct and remit before-tax contributions for the HSA it makes available to its employees.

Rolling Over an HSA into my HSA – Can I roll over an HSA that I already own into this HSA?
Yes. Contact your HSA Administrator for detailed instructions.

Spouse establishing an HSA – can my spouse establish an HSA?
Yes. Contact your HSA Administrator for detailed instructions.

Taxes

Before-Tax or After-tax Contributions – are my HSA contributions made with before-tax or after-tax dollars?
Generally, your HSA contributions are made with before-tax dollars. This means that the money is deducted form your pay before federal, Social Security, and most state and local income taxes are withheld.

By contributing on a before-tax basis, you reduce your taxable pay, and as a result, you lower the amount of taxes you pay.

Note: If you take an authorized unpaid leave of absence that is covered under the Family and Medical Leave Act, you may elect to continue your before-tax contributions to your account by prepaying them for the period of the leave (otherwise, your contributions will be adjusted automatically when you return from leave so that you reach your annual contribution amount.) To prepay before-tax contributions, you must authorize a lump-sum payroll deduction prior to the start of the leave.

If you are age 55 or above, and you elect to make catch-up contributions, your contributions are made with after-tax dollars. However, your contributions may be taken as a deduction on your tax return.

Effect of before-tax contributions on benefits – What effect do my before-tax contributions have on my other benefits?
None. Your annual base salary will be used to calculate salary-related benefits.

Effect of before-tax contributions on your paycheck – what effect do my HSA before-tax contributions have on my paycheck?

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Monthly Administrative Fees for Retirees – As a retiree, do I have to pay a fee to participate in this Plan?¶
Yes. A monthly administrative charge of $4.50 is assessed to retirees to cover the cost of administering the Plan.¶
¶
How do I pay the monthly administrative fee?¶
The $4.50 monthly administrative fee is automatically deducted from your HSA.¶
¶
Banking Fees Associated with the HSA Visa Debit Card – What are they and how are they paid?¶
Yes. There is banking fees associated with the Health Savings Account Visa Debit Card. The applicable fees are deducted automatically from your HSA. ¶
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Making before-tax contributions to your HSA means that the amount you contribute toward your HSA is determined before taxes are withheld, so you are paying taxes on a lower amount of salary. Your take-home pay is higher than it would be if you paid for your coverage on an after-tax basis.

Effect of before-tax contributions on Social Security – What effect do my HSA contributions have on my Social Security benefits?
Depending on your salary, your Social Security benefits may be lower. This is because your Social Security is based on your taxable pay (up to a specified annual maximum amount of earnings), and your taxable pay is reduced by the amount you contribute to the HSA.

Effect of contributions on W-2 – What effect does contributing to the HSA on a before-tax basis have on my W-2 statement?
Your contributions will not be included in your taxable gross earnings on your W-2 statement. This reduces your taxable pay for federal purposes and as a result, lowers the amount of federal taxes you pay.

Deducting Expenses on Tax Return – Can I claim my expenses paid by the HSA as a deduction on my tax return?
No. If you receive tax-free withdrawals from the HSA, you can not claim those expenses as a deduction on your federal income tax return.

Tax Withdrawals if Disabled – Does the additional 10% tax apply to my HSA withdrawals for nonqualified medical expenses if I am disabled?
No. The 10% additional tax generally applies if a withdrawal is not used for qualified medical expenses does not apply when you are disabled. However, the amount of the withdrawal will be included in your taxable income and subject to federal, state and local taxes as applicable.

Taxes for withdrawals when age 65 or over – Does the additional 10% tax apply to my HSA withdrawals for nonqualified medical expenses if I am age 65 or over?
No. The 10% additional tax generally applies if a withdrawal is not used for qualified medical expenses does not apply when you are at least age 65. However, the amount of the withdrawal will be included in your taxable income and subject to federal, state and local taxes as applicable.

Contribution Limits for Married Couples

Limits for Married Couples – My spouse also contributes to an HSA; is there a limit to how much I can contribute to my HSA?
How much you can contribute depends on what type of health care coverage you and your spouse have.

If you have individual high-deductible health plan coverage, your maximum contribution is equal to the annual deductible for individual coverage under the Mercy Health Plans high deductible health plan.

If both you and your spouse have family coverage, the lower deductible for family coverage is used to determine the contribution limit. HSA contributions for family coverage (other than catch-up contributions) are divided equally between you and your spouse unless you and your spouse agree on a different division. Thus, you and your spouse can divide the annual Health Saving Account contribution in any way you want, including allocating nothing to one of you.

Withdrawals for my domestic partner – Can I use the HSA Visa Debit Card for my domestic partner's medical expenses?

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Yes. However, purchases or withdrawals for a domestic partner or his or her children who are not your tax dependents are considered a non-qualified medical expense and subject to federal, state, and local taxes as applicable and in some cases a 10% penalty.

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Limits for Married Couples Working for the Same Company – My spouse and I both work for the same company and have family coverage under the Mercy Health Plans high deductible health plan; how much can I contribute to the HSA?
Your combined contributions can not exceed the annual deductible for family coverage. HSA contributions for family coverage (other than catch-up contributions) are divided equally between you and your spouse unless you and your spouse agree on a different division. Thus, you and your spouse can divide the annual HSA contributions in any way you want, including allocating nothing to one of you.

You cannot receive tax-free withdrawals for the same claim from more than one HSA account.

Nonqualified Medical Expenses

What expenses do not quality for a tax-free withdrawal?
The following are examples of expenses that would not qualify for a tax-free withdrawal from your Health Saving Account:

- Health plan premiums (contributions to the Company's health plans are already made on a before-tax basis). Exceptions are: COBRA premiums, Medicare premiums, health premiums while you are receiving unemployment insurance, retiree medical plan premiums other than for Medigap insurance and certain long-term care insurance premium amounts.
- Costs you deduct as qualified medical expenses on your federal income tax return
- Expenses not eligible to be deducted under federal tax law
- Expenses reimbursed by any other health plan
- Health club membership dues
- Cosmetic surgery; electrolysis, hair removal or transplants, liposuction, etc.
- Vitamins and other dietary supplements, toiletries and cosmetics
- Medications purchased merely to maintain you or your family's health
- Prescription drugs that are not medically necessary and excluded by the IRS (such as Rogaine)
- Cosmetic dental work (including bleaching, bonding and veneers)
- Undocumented travel to or from your physician's office or other medical facility
- Weight loss programs (unless you have a letter from your treating physician indicating medical necessity)

Withdrawals

How to pay for qualified expenses – Do I need to file a claim for qualified HSA expenses?
No. If you participate in Mercy Health Plans preferred banking partner's HSA program you pay for qualified expenses using your HSA Visa Debit Card or request an electronic funds transfer via the HSA Administrator's Internet site.

Although you do not file a claim when using the HSA Visa Debit Card, be sure to keep records (for example, receipts) so that you can prove to the IRS that the withdrawals are for qualified medical expenses that were not otherwise reimbursed.

How do I use the Mercy Health Plans HSA Visa Debit Card to make a purchase?
The HSA Visa Debit Card is accepted at point-of-sale locations that offer access to NYCE Pulse and Interlink networks and wherever Visa debit cards are accepted.

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At the point-of-purchase:

- Present your card for payment or swipe your card through the point-of-sale (POS) machine
- Choose credit (if you choose credit, your purchase amount will be subtracted from your HSA balance and you will be asked to sign a purchase receipt) or debit (if you choose debit, you will be asked to enter your four-digit Personal Identification Number (PIN), and your purchase amount will be subtracted from your HSA balance)

Account maintenance or transaction fees may apply.

Can I use the HSA Visa Debit card to make purchases over the telephone or Internet?
Yes. You can use your HSA Visa Debit Card to make purchases over the telephone or Internet by providing your card number and expiration date.

How do I pay for doctor's visits?
Once your medical claim has been processed through the insurance company, the doctor's office will send you a bill requesting any balance due. Simply write your Mercy Health Plans HSA Visa Debit card number on the doctor's bill and submit for payment.

How do I pay for my qualified medical expenses if I forgot my HSA Visa Debit Card?
If you forgot your HSA Visa Debit Card, pay for your qualified medical expenses as you normally would (using a credit card, personal check or cash). Then reimburse yourself for the out-of-pocket qualified medical expense by withdrawing cash with your HSA Visa Debit Card at a select ATM (ATMs that display Bank of America, VISA, Cirrus, Interlink or Pulse logos may be used). This transaction is considered a withdrawal from your HSA.

Note: If using any ATMs other than Bank of America, you will incur an ATM withdrawal fee. In addition, most ATM operators will also assess a "service fee" (typically between $0.50 and $2.00) for use of their ATM machine.

Be sure to keep records (for example, receipts) so that you can prove to the IRS that the withdrawals are for qualified medical expenses that were not otherwise reimbursed.

Expense Exceeds Account Balance – What if the amount of my expense is more than I have in my account?
You may make a purchase or a withdrawal up to the amount you have in your account. If your expenses exceed your account balance, your Mercy Health Plans HSA Debit Card purchase will be denied and applicable fees will be assessed. You may make another purchase or withdrawal when there is enough in your account to pay it.

The HSA Visa Debit Card Daily Withdrawal Limits – How much can I withdraw?
As long as you have the amount available in your account, the daily amount you can withdraw for payment to providers for qualified medical services will be set by your HSA Administrator.

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As long as you have the amount available in your account, the daily amount you can withdraw (to pay for out-of-pocket qualified medical expenses from the ATM using an HSA Visa Debit Card (if available) will be set by your HSA Administrator.

Deleted: using your Mercy Health Plans HSA Visa Debit Card is $5,000
Deleted: your
Deleted: is $3,000

Note: If using any ATMs other than Bank of America, you will incur an ATM withdrawal fee. In addition, most ATM operators will also assess a "service fee" (typically between $0.50 and $2.00) for use of their ATM machine. Other HSA Debit Card fees may apply.

Withdrawals for services and items other than qualified medical expenses are subject to federal, state, and local taxes, as applicable, and an additional 10% penalty unless the withdrawal occurs after you reach age 65, are disabled, or die.

Are there HSA Visa Debit Card daily withdrawal limits?

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Yes. HSA Visa Debit Card has a daily limit set by your HSA Administrator. ATMs may restrict the amount you can withdraw in a single transaction and you may use the ATM more than once before you reach your HSA daily limit.

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Note: If using any ATMs other than Bank of America, you will incur an ATM withdrawal fee. In addition, most ATM operators will also assess a "service fee" (typically between $0.50 and $2.00) for use of their ATM machine.

Be sure to keep record (for example, receipts) so that you can prove to the IRS that the withdrawals are for qualified medical expenses that were not otherwise reimbursed.

Withdrawals for services and items other than qualified medical expenses are subject to federal, state, and local taxes, as applicable, and an additional 10% penalty unless the withdrawal occurs after you reach age 65, are disabled, or die.

When to Request a Withdrawal – Can I withdraw funds before I pay my provider?
Yes. You may request a withdrawal via your HSA Visa Debit Card for qualified medical expenses that are incurred before you pay for them. IRS rules say that expenses are incurred only after the service or item has been provided, not when you are actually billed or pay for the service.

Be sure to keep records (for example, receipts) so that you can prove to the IRS that the withdrawals are for qualified medical expenses that were not otherwise reimbursed.

Expenses Incurred Before the HSA is established – Can I make a tax-free withdrawal for expenses incurred before I established the HSA?
No. The HSA can not make tax-free withdrawals for expenses incurred before your account was established. Accounts are established on the first of the month coincident with or following your enrollment as long as you are actively employed.

Unused Contributions at Year-end – What happens to contributions in my HSA that I have not used at year-end?
Any unused balance in your account at calendar year-end will be carried forward to the next calendar year, even if you do not participate in the Mercy Health Plans high deductible health plan.

Withdrawals if I do not participate in the high deductible health plan – Can I make withdrawals from my HSA if I do not participate in the Mercy Health Plans high deductible health plan?
Yes. Amounts contributed to the HSA belong to you. Although you can not contribute to the HSA unless you participate in the Mercy Health Plans high deductible health plan, you can make withdrawals at any time.

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When to Request a Withdrawal – Can I withdraw funds before I pay my provider?
Yes. You may request a withdrawal for qualified medical expenses that are incurred before you pay for them. IRS rules say that expenses are incurred only after the service or item has been provided, not when you are actually billed or pay for the service.

When Contributions End

When Participation Ends – When do contributions to my HSA end?
Your before-tax contributions end on the first of the following to occur:

- The date you no longer meet the eligibility requirements
- The date you terminate employment
- The date of your death
- The date the HDHP plan is terminated

You can make contributions to your HSA on an after-tax basis directly to the HSA Administrator as long as you meet the tax requirements to contribute to an HSA

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Becoming Covered by Medicare – What happens when I become covered by Medicare?
If you become covered by Medicare part A, you are no longer eligible to contribute to the HSA.

Termination of Employment – If I terminate my employment with the company can I continue making contributions to the HSA if I am on COBRA?
Yes. As long as you elect COBRA coverage for your Mercy Health Plans high deductible health plan or have other high-deductible health plan coverage and meet the other tax requirements to contribute to the HSA, you can make contributions to your HSA on an after-tax basis directly to the HSA Administrator.

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Do I forfeit any money in my HSA when I terminate my employment with the company?
Amounts contributed to your HSA belong to you. HSA balances are non-forfeitable and always fully vested.

Not Participating in the Mercy Health Plans high deductible health plan – Can I make withdrawals from my HSA if I do not participate in the Mercy Health Plans high deductible health plan?
Yes. Amounts contributed to your HSA belong to you. Although you cannot contribute to the HSA unless you participate in the Mercy Health Plans high deductible health plan, you may make withdrawals at any time.

Transferring my account to Another HSA Administrator – Can I transfer my account to another HSA administrator?
Yes. You can transfer your HSA to another HSA administrator in one of two ways:

- Take a distribution by check and transfer your account within 60 days after the date you received the distribution. You are permitted one distribution during a one-year period.
- Transfer your account from trustee-to-trustee. There is no limit on the number of times you can request a trustee-to-trustee transfer.

Note: Contributions deducted from your paycheck are remitted to the HSA administrator chosen by the Company to administer HSA accounts. Your contributions will not be remitted to another HSA administrator if you choose to transfer your account.

Transferring your account upon divorce or separation – Can my account be transferred upon my divorce or separation?
Yes.

What Happens at Time of Death – In the event of my death, what will happen to my HSA?
In the event of your death, your designated beneficiary will receive your account. The tax treatment depends on who you have designated as your beneficiary. For example, if you designate your spouse as your beneficiary, your spouse becomes the owner of the HSA and the transfer is not subject to taxation. If your designated beneficiary is anyone else, your account ceases to be an HSA and your beneficiary will receive the fair market value of the HSA assets as of the date of death as taxable income. Unless your beneficiary is your estate, the taxable amount is reduced by any payments from your HSA made for your qualified medical expenses, if made within one year after death. You should consider talking to a professional tax advisor before you designate a beneficiary. Beneficiary designations are available from the HSA administrator.

Document Not Legal or Tax Advice
While the information in this document in intended to be as accurate as possible, it is not to be relied on for legal or tax advice. If you need legal or tax advice regarding your HSA, please consult competent legal or tax counsel. Mercy Health Plans is not the administrator of the HSA portion of its high-deductible health plans.

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