

QUESTIONS AND ANSWERS

Managing your health savings account (HSA) administered through Kaiser Permanente

Introducing a different way to pay for care. When you set up an HSA, you won't pay taxes on the money you put in your account to help pay for care.¹

Understanding your HSA

► What is a health savings account (HSA)?

An HSA is a financial account you can put money in to pay for health care services that are defined as qualified medical expenses.² You won't pay federal taxes on this money, and you can use it anytime to pay for care. Your account will grow interest, and you can take your money with you if you change jobs or retire.

► Who is eligible to set up an HSA?

To be eligible for an HSA, you need to meet the following requirements:

- You must be enrolled in an HSA-qualified deductible health plan.
- You can't be enrolled in Medicare.
- You can't be eligible to be claimed as a dependent on someone else's tax return.
- You can't have additional health coverage that is not an HSA-qualified deductible plan. (There are certain exceptions, including specific injury insurance or coverage for accidents, disability, dental care, vision care, or long-term care.)

You may want to consult with a financial adviser for more information about HSA eligibility.

► How do I set up an HSA?

If your employer offers an HSA administered through Kaiser Permanente, you can choose to set up an account directly through your employer. Contact your employer's benefits administrator for details and be sure to let them

know how much you plan to contribute to your HSA for the year, so they can manage your payroll contributions.

► How do I start using my HSA?

After you've enrolled in your HSA, you'll receive a Kaiser Permanente health payment card. To use your card, you'll first need to activate your HSA online and be sure there is money in your account.

- If you're registered on kp.org, visit kp.org/healthpayment and sign on with your kp.org user ID and password.³ If you haven't registered, visit kp.org/register today.⁴ When signing on to kp.org/healthpayment for the first time, accept the terms and conditions and Disclosure and Authorization Agreement to fully activate your account.
- Once you've activated your account, you'll be able to put additional money in your HSA through e-contributions, check your balance, request distributions, view past transactions, and more—all online.

After your account is activated, you'll need to activate your card before you use it. Just call the number on the activation sticker on your card. You'll be able to use your card to pay for care at any Kaiser Permanente facility or other health care provider, including physician offices, hospitals, and pharmacies as long as they accept Visa debit cards.

For more information about using your HSA, call **1-877-761-3399**, Monday through Friday (except holidays) from 5 a.m. to 7 p.m. Pacific time.

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▶ What can I use my HSA money for?

You can use the money in your HSA to pay for types of care that are defined as qualified medical expenses,² both for yourself and for your dependents. Examples of qualified medical expenses include:

- Eyeglasses and LASIK vision correction
- Hospital visits
- Prescription drugs
- Primary and specialty care visits
- Noncosmetic dental care
- X-rays and lab tests

▶ Who can contribute money to an HSA?

You, your family members, your employer, and anyone else can contribute to your HSA. The same maximum limit on the amount you can add to the account each year applies no matter who makes the contributions.

▶ How much can be contributed to my account?

For 2016, maximum annual contributions to an HSA are capped at \$3,350 for individuals and \$6,750 for families. If you're 55 or older, you can make an additional catch-up contribution of up to \$1,000. These amounts may be changed for inflation each year. You can contribute to your account until April 15 following the year for which you want to make contributions.

▶ What is the deadline for setting up an HSA and making contributions?

As long as you're enrolled in an HSA-qualified deductible health plan and meet the other HSA eligibility rules for at least the entire month of December, you can contribute money to your account for that year.

To be eligible to contribute the full annual maximum amount for that year, you must remain HSA-eligible through the end of December of the following year. Otherwise, you'll only be able to contribute a portion of the annual maximum amount, depending on how many months you were HSA-eligible.

▶ How do I contribute money to my HSA?

You have a couple of options for making contributions to your HSA:

- If your employer offers payroll deduction, you can contribute wages to your HSA on a pre-tax basis.
- You can contribute money online at kp.org/healthpayment.³ Just click on the "Make HSA Transaction" button in the "I Want To..." section of the home page to transfer money from your bank account.
- To make a contribution by mail, complete a Contribution Form, write a check to Kaiser Permanente, and mail both to:

Kaiser Permanente
P.O. Box 1540
Fargo, ND 58107-1540

The Contribution Form can also be found at kp.org/healthpayment. Just click "Tools & Support" on the home page.

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How do I use my HSA to pay for care?

There are a couple of ways to pay for care with your HSA:

Health payment card

You can use your Kaiser Permanente health payment card as a debit card, either:

- When you get care, or
- To pay a bill by mail by writing your card number on the bill and sending it in

Reimbursement

Pay out of pocket using your own money and get reimbursed by your HSA later by requesting a distribution online at kp.org/healthpayment.³ Or you can request a Distribution Request Form to mail in by calling Kaiser Permanente Health Payment Services at **1-877-761-3399**, Monday through Friday (except holidays) from 5 a.m. to 7 p.m. Pacific time.

► Are there any administrative fees associated with my HSA?

Yes. There is a monthly account administration fee of \$3.25 per account, which may be automatically deducted from your HSA or paid by your employer. If the average daily balance in your account during any month is \$2,000 or more, the monthly fee is waived for the following month.

► How can I track the balance in my HSA or access other account information?

You can access your account information online 24 hours a day, 7 days a week, at kp.org/healthpayment.³ You'll be able to view your balance, process transactions, download forms, see a list of qualified medical expenses, and more. You can also check your balance and get other account information with our free KP HRA/HSA/FSA Balance Tracker app, which you can download for your smartphone or mobile

device. Or call us at **1-877-761-3399** to speak to a Kaiser Permanente Health Payment Services representative, Monday through Friday (except holidays) from 5 a.m. to 7 p.m. Pacific time. Some automated account information is also available by phone after hours, in English and Spanish.

Monthly statements will be available online. If you'd like to receive paper statements, you'll need to request them and will be charged \$1.25 per month.

► How do I manage my HSA online?

For detailed instructions on managing your account at kp.org/healthpayment, download the *Health Payment Online User Guide* by following these steps:

1. On the home page, click on "Tools & Support."
2. Under "Document & Forms," select the *Health Payment Online User Guide* and download it.

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Your Kaiser Permanente health payment card

Your HSA comes with our debit card—the Kaiser Permanente health payment card—which you can use to pay for care.² You should receive your card in the mail by the start of your plan year.

► **Where can I use my health payment card?**

You can use your health payment card at Kaiser Permanente facilities and pharmacies. You can also use it at any other provider or facility that accepts Visa debit cards. Keep in mind, though, HSA money can be used only for types of care that are defined as qualified medical expenses.²

► **What if my health payment card isn't accepted by a health care provider or facility?**

If you have trouble using your card, it may be because it hasn't been activated, or because the provider or facility doesn't accept Visa debit cards.

If your health payment card isn't accepted, you'll need to pay the entire amount out of pocket using another payment method.

You can then get reimbursed from your HSA for that payment. You'll need to request a distribution by:

- Signing on to kp.org/healthpayment,³ or
- Calling **1-877-761-3399**, Monday through Friday (except holidays) from 5 a.m. to 7 p.m. Pacific time, to ask for a Distribution Request Form.

► **What if I use my health payment card to pay for care that isn't considered a qualified medical expense?**

Neither the IRS nor the U.S. Treasury requires the HSA administrator to keep track of an account holder's expenses. That means we don't limit HSA card usage only to qualified medical expenses.

As an HSA holder, you'll be responsible for finding out whether a type of care you would like to get is considered a qualified medical expense under the tax laws.² If you use your card for a nonqualified expense, income tax will apply. An additional 20 percent penalty on the amount withdrawn will also apply, unless you're disabled or 65 or older.

► **Can I use my health payment card to pay Kaiser Permanente bills that I get in the mail?**

If you receive a bill from Kaiser Permanente and wish to pay it using your HSA, write your Kaiser Permanente health payment card number in the payment section of the bill and mail it to the address that appears on the bill. Be sure to keep copies of your Summary of Accumulations (SOAs) or Explanation of Benefits (EOBs), bills, and itemized receipts, since you may need to provide these for tax purposes later.

► **How do I order additional health payment cards?**

If you need additional health payment cards, you can order them online or by phone. You should receive 2 cards by the start date of your plan and can order an extra 2 cards at

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no charge. After this, you'll be charged \$10 for each additional 2-card order. Sign on to kp.org/healthpayment³ or call **1-877-761-3399**, Monday through Friday (except holidays) from 5 a.m. to 7 p.m. Pacific time. It's important to report any loss or theft of your health payment card as soon as possible.

► Does my HSA include investment options?

Yes. If your average daily account balance goes above \$2,000, mutual fund investment opportunities are available for the amount over \$2,000. For your convenience, you can manage your investments online at kp.org/healthpayment.³ For more information about the options available, call **1-877-761-3399**, Monday through Friday (except holidays) from 5 a.m. to 7 p.m. Pacific time.

► I'm not enrolled in my HSA-qualified health plan anymore, but my HSA is still open. Can I use my account?

Yes. You can keep any money still available in your account and continue using it to pay for care² for as long as you keep your account active. And if you have a health payment card, you can still use it to make payments. However, automatic contributions to your account will not continue. And if the monthly administrative fee for your HSA was previously paid by your employer, this fee may now be withdrawn from your account.

You also won't be able to manage your HSA at kp.org/healthpayment anymore. For online access, you'll need to visit at

kp.org/healthexpense.³ If you have used the KP HRA/HSA/FSA Balance Tracker app, you'll use your mobile app user ID and password for kp.org/healthexpense. If you have not previously used the mobile app, the first time you log in to kp.org/healthexpense your temporary user ID and password will be the same: the first initial of your first name, plus your last name, plus the last 4 digits of your Social Security number. After registering, you'll be able to access the same account information as before. For more information, call **1-877-761-3399**, Monday through Friday (except holidays) from 5 a.m. to 7 p.m. Pacific time.

► What happens to my HSA when I turn 65?

When you turn 65, you can still use the money in your HSA to pay for care. However, you won't be able to contribute money to your account once you're enrolled in Medicare. At age 65, you can also start using your account to pay for things other than medical expenses. Any HSA money used for nonmedical expenses will be taxable as income but won't earn an additional penalty. Those younger than 65 who use their accounts for nonmedical expenses will need to pay income tax plus an additional 20 percent penalty on the amount withdrawn (unless they are disabled).

► What if I have an HSA with another financial institution?

You can transfer your available money from your existing bank to the HSA administered through Kaiser Permanente using the HSA Direct Rollover-Transfer Form on kp.org/healthpayment. On the home page, click on "Tools & Support."

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Or you can choose to have more than one HSA as long as your total contributions don't exceed the annual maximum set by the IRS. For more information about transferring HSA money, call **1-877-761-3399**, Monday through Friday (except holidays) from 5 a.m. to 7 p.m. Pacific time.

¹The tax references in this document relate to federal income tax only. Federal and state tax laws and regulations are subject to change. Consult with a qualified professional for tax, investment, or legal advice.

²You can use your HSA to pay for types of care that are defined as qualified medical expenses. These are described in IRS Publication 502, Medical and Dental Expenses, available at irs.gov/publications. As an HSA holder, you are responsible for figuring out whether the particular type of care you want is a qualified medical expense under the tax laws.

³If you are not enrolled in a Kaiser Permanente health plan, you'll need to access and manage your HSA at kp.org/healthexpense. When you sign on for the first time, your temporary user ID and password will be the same: the first initial of your first name, plus your first name, plus the last four digits of your Social Security number.

⁴It may take up to 9 days from when you register on kp.org before access to your account will be available through kp.org/healthpayment.

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