

Health Savings Accounts

Local Education
Local Government

September 22, 2020



Optum Bank, Member FDIC

Member FDIC

Optum Bank® is a national leader in health care banking and a member of the FDIC.

All deposits are insured up to \$250,000.



Optum Bank is the largest provider of HSAs in the United States.



Optum Bank has multiple layers of cyber fraud protection to protect accounts.

FORTUNE 500

UNITEDHEALTH GROUP®

Optum's parent company, UnitedHealth Group is ranked #6 on the Fortune 500.



145,000

Optum® has more than 145,000 people collaborating to make the health system work better for everyone.



Optum Bank offers multiple convenient ways to access your account:

- Live support on the phone
- Optum Bank® Mobile App, the industry's #1 rated mobile app
- On-demand access online at optumbank.com/tennessee

What is an HSA?

Health savings accounts (HSAs) are individually owned savings accounts that offer a tax-advantaged way to save and pay for qualified medical expenses.



Requires a qualifying high-deductible health plan (CDHP)



Annual contribution limits are set by the IRS.



Triple tax advantage: contributions to the HSA are pre-tax, interest and investment earnings are tax free, funds taken out to pay for eligible healthcare expense are tax free



Balances can be carried over from year to year, and even if you change jobs, your HSA is yours to manage and use. You may choose to invest a portion of your HSA once you have at least \$1,000 balance.

While deposits are insured by the FDIC, investments are not FDIC insured, are not guaranteed by the FDIC or Optum Bank®, and may lose value.

Determining eligibility for HSA



IRS REQUIREMENTS

- You must be covered under CDHP/HSA medical plan on the first day of the month.
- You have no other health coverage except what is permitted by the IRS. (including health coverage plans your spouse has where you are covered)
- You are not enrolled in Medicare, TRICARE or TRICARE for Life.
- You haven't received Veterans Affairs (VA) benefits within the past three months, except for preventive care. If you have a disability rating from the VA, this exclusion doesn't apply.
- You can't be claimed as a dependent on someone else's tax return.
- You do not have a health care flexible spending account (FSA) or health reimbursement account (HRA). Alternative plan designs, such as a limited-purpose FSA or HRA, might be permitted.
- Other restrictions and exceptions may also apply. We recommend that you consult a tax, legal or financial advisor to discuss your personal circumstances.

Contribution limits

AMOUNT OF CONTRIBUTION

The IRS determines how much you can deposit into your HSA each year, and limits are determined on a calendar/tax-year basis.

CONTRIBUTION RULES

	2020	2021
Individual coverage	\$ 3,550	\$ 3,600
Family coverage	\$7,100	\$7,200

IRS rules state that contribution limits must generally be prorated by the number of months you are eligible to contribute to an HSA. Your eligibility is based on your coverage status on the first day of the month.

ADDITIONAL CONTRIBUTION

Those 55 years of age or older, but not yet enrolled in Medicare, can fund an additional **\$1,000/year** “catch-up” contribution.

Spouses can make a separate \$1,000 catch-up contribution to an account in their own name.

Does your organization make an Employer seed contribution? Contributions from all sources count towards annual max.

Making the most of the HSA for Plan Members and your Organization



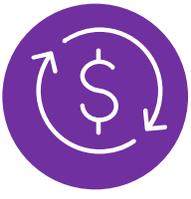
- Tax-free contributions can be taken from their paycheck regularly and placed in their HSA this saves Plan Member and your organization on FICA taxes.



- Decide if you will allow for employees to elect payroll deductions and work with Optum Bank to set up files and funding.



- This includes any seed funds you might offer. Work with Optum Bank to set up file and funding for employer contributions



- HSA is a great retirement vehicle; HSA funds carry over from year to year and are never forfeited as in FSA. There are investment options once a HSA Accountholder exceeds \$1,000 balance .



- Plan Members are responsible for keeping receipts and EOBs as proof of funds spent from their HSA in case of audit. Optum Bank will not request any substantiation of spending for HSA.

Paying for eligible expenses from HSA



Paying from your HSA

- **Use the Optum Bank debit Mastercard® to:**
 - Pay on the spot at a doctor's office, pharmacy or other health care facility.
 - Pay a bill you receive from a doctor or other provider.
- **Use online bill pay.**
 - Use our secure website to send payments directly to your health care providers, pharmacy or other payees.



- **Use the Optum Bank mobile app.**



Download the Optum Bank app



Reimbursement

- When you pay for qualified expenses out of pocket, you can log in and request an ACH or check disbursement.
- You can use your Debit Mastercard at any ATM that displays the Mastercard acceptance mark to get cash from your HSA to reimburse yourself.

(Note: You'll need your PIN. There's a \$300 per 24-hour limit on ATM withdrawals and \$2.50 fee from OptumBank. The owner of the ATM machine is likely to have a fee too. If they do, it will be disclosed on the screen before you accept the transaction)*

Getting Started



State submits enrollment to Optum Bank.

Work with Optum Bank and employees to set up payroll deductions and contribution files



Plan members will receive HSA welcome letters and Optum Bank debit Mastercard® in mid December. They will arrive in separate mailings. 2 cards will be sent. 1 to use and 1 to share with a spouse or tax dependent. If they need more they can order online or call Optum Bank.



Plan Members will activate accounts online at www.optumbank.com/tennessee and their Optum Bank debit Mastercard.

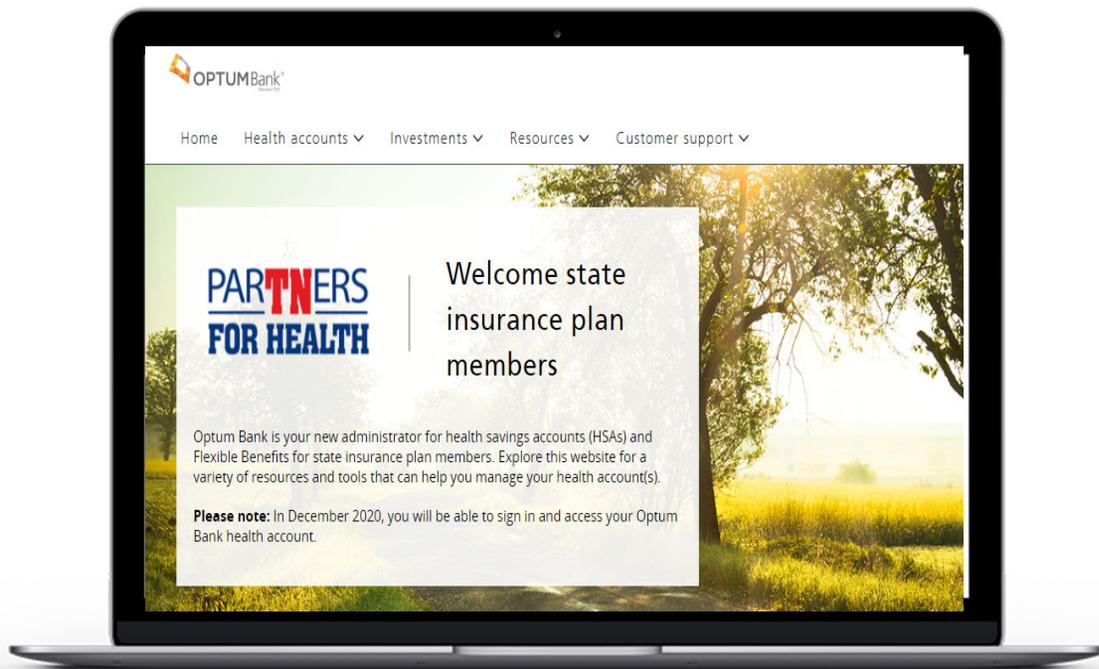


Plan Members will download the Optum Bank app to conveniently manage your FSA



You will use the Optum Bank portal available at optumbank.com/Tennessee as administrator to administer HSA Program. Additional training available and live phone support available at 800-294-6620

Get connected with Optum Bank



- **Optumbank.com/tennessee is loaded with resources:**
 - Optum Bank virtual assistant chat
 - Qualified medical expense search tool
 - Education resources such as videos and webinars
 - HSA Calculators
 - Health Savings Checkup tool
 - Tax center and more
 - Sign in to access your account

What if you have more questions?

- Call

ABC Support Center
800-294-6620
Mon-Fri 7am – 6pm CT

- Email

accountservices@optum.com

Visit

www.optumbank.com/tennessee



- Benefits Administration has a CDHP/HSA video located at <https://www.tn.gov/partnersforhealth/health-options/cdhp.html> that you can share with your employees. Another video for retirees can be found at <https://www.youtube.com/watch?v=DLraj1qtH9I>

- Easy reference grid on the state's website compares HSAs and FSAs and makes it easy to distinguish the differences between them, on the Publications page under HSA/FSA: <https://www.tn.gov/partnersforhealth/publications/publications.html>

Questions?

Appendix

Other resources

Investments are not FDIC-insured, are not guaranteed by Optum Bank and may lose value.

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Health savings accounts (HSAs) are individual accounts offered or administered by Optum Bank®, Member FDIC, and are subject to eligibility requirements and restrictions on deposits and withdrawals to avoid IRS penalties. State taxes may apply. Fees may reduce earnings on account. Flexible spending accounts (FSAs) and health reimbursement accounts (HRAs) are administered by OptumHealth Financial Services and are subject to eligibility and restrictions.

Mutual fund investment options are made available through the services of an independent investment advisor. Shares are offered through Charles Schwab & Co., Inc., a registered broker-dealer. Orders are accepted to effect transactions in securities only as an accommodation to HSA owner. Optum Bank is not a broker-dealer or registered investment advisor, and does not provide investment advice or research concerning securities, make recommendations concerning securities, or otherwise solicit securities transactions.

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