

Health Services Administration



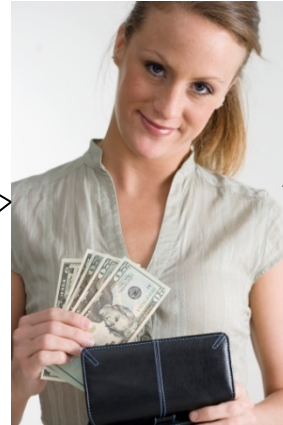
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What is an HSA?



Checking Account



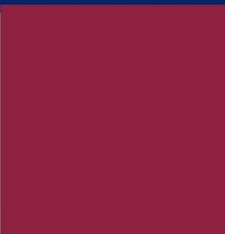
Health Savings Account



Savings Account



Retirement Accounts



What is an HSA?

✓ Individually owned savings account

✓ Contributions, qualified distributions, interest earnings – tax free

✓ No maximum on amount that can be accumulated



Health Savings Account

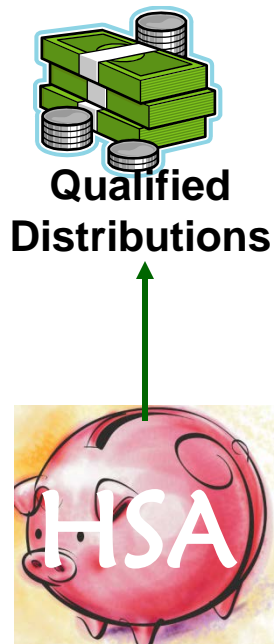
✓ Portable – Since individual owns the accounts, it does not matter where individual lives, ER, etc.

✓ Funds can be used to pay for qualified medical expenses for spouse & tax dependents

✓ No maximum to the number of HSAs an individual may own, just limits on how much may be contributed each year.



How Does an HSA Work?



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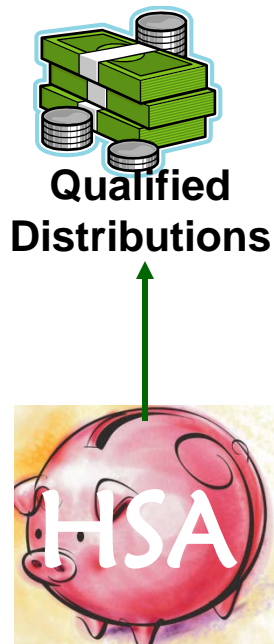
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- “Qualified medical expenses” spouse & dependent* children
 - **Deductible**
 - **Co-insurance/Co-pay**
 - **Over the counter drugs** *(if prescribed by a physician, without regard to whether the drug or medication is available without a prescription.)*
 - **Dental Expenses**
 - **Vision Expenses**

**Internal Revenue Code definition of dependent*



How Does an HSA Work?



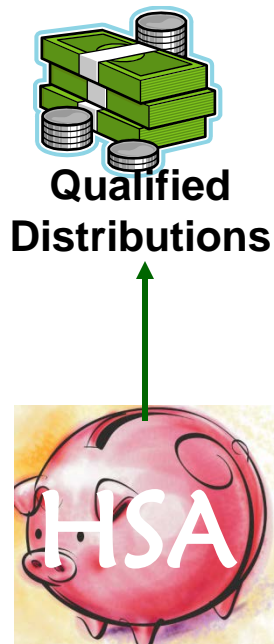
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- **“Qualified medical expenses”** spouse & dependent children (even if not covered under HDHP)
- **Health plan coverage while receiving federal or state unemployment benefits.**
- **COBRA continuation coverage.**
- **Medicare premiums: Part A, B & D**
- **LTC premiums (portion of)**



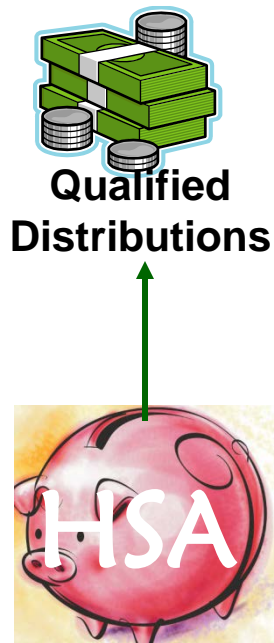
Health Savings Account



- Any amounts used for other reasons are taxable as income & subject to an additional 20% penalty.
 - 65 and over, not subject to 20% tax penalty.
- Individuals are responsible for keeping supporting documentation as with any other tax deductions.



How Does an HSA Work?



- Funds must be in account to use just like any other checking/savings account.
- Even if account holders have not saved enough in HSA to pay for an expense, can always withdraw funds later
- There is no deadline on reimbursements
- There is no requirement to use HSA funds for all expenses



How Does an HSA Work?

Maximum Contribution Per Tax Year

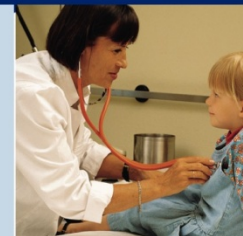


Contributions

Contribution Limits		
Coverage	2012	2013
Individual	\$3,100	\$3,250
Family	\$6,250	\$6,450

Maximums indexed annually by Treasury Department
Pro-rate based on months eligible.

**\$1,000 Additional Contribution if you are
age 55 and older!**



How Does an HSA Work?

Requirements to Contribute to an HSA:

- 1. Must be enrolled in a qualified HDHP to contribute to an HSA**
- 2. May not have Medicare Parts A, B, or D**
- 3. May not be claimed as a tax dependent on anyone's else's tax return**
- 4. May not have any other coverage that pays first dollar expenses below the deductible (Ex: GP-FSA through employer or spouse, HRA, access to clinic, access to Tribal clinics or VA)**



HSA & S125

Health FSA With HSA



“Limited Purpose”

- ✓ Deductible
- ✓ Co-ins/Co-Pay
- ✓ Prescription Drugs

- ✓ Vision
- ✓ Dental



HSA & FSA

HSA

Tax-exempt trust/custodial account

Funds must be deposited before using

HSA contributions may be changed throughout the year

IRS sets limits – indexed every year

Balances roll year-to-year. No limit on accumulation.

Account holder responsible for keeping receipts and determining eligibility

Interest may be applied

Account holder dies: Spouse becomes owner. Otherwise, beneficiary claims as income.

Health FSA

Account set up by employer

Full annual election available first day of plan year

No mid-year changes without a qualifying event

Employer sets contribution limit today (\$2500 limit applies beginning 2013)

Must use the annual amount within the plan year

Receipts must be submitted and claims adjudication required

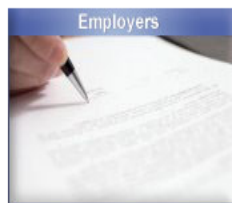
May not accrue interest

Account holder dies: Dependents may be able to elect FSA coverage under COBRA temporarily.

The Health Savings Account Answer

American Fidelity Health Services Administration is an independent Health Savings Account (HSA) provider. HSAs are tax-favored trust or custodial accounts that earn you interest. They combine tax-free savings earmarked for qualified medical expenses with a qualified High Deductible Health Plan (HDHP). An HSA and a qualified HDHP work as partners to offer you protection in time of need while empowering you as a conscientious health consumer. No matter who your medical provider may be, we are here to help. We handle your administration needs while you make medical plan decisions based on your best interests. Putting our knowledge and know-how to work is what we do best. *The power is yours, the work is ours.*

HSA information is available for:



HSA features:

- **Investments and Savings Advantages:**
Balances roll over from year to year and your dollars are invested in interest-bearing accounts.
- **Flexibility:**
You decide how much you put into your HSA, what to pay, and how to invest.
- **Portability:**
Your HSA stays with you even if you change jobs, move, retire, or become unemployed.
- **Tax Savings:**
Tax-free contributions, tax-free growth and tax-free withdrawals for qualified expenses.

Forms & Information

For HSA Forms, please complete and print the form, attach any additional documentation that may be required, and send to the address or fax number shown on the form. All of our forms are *type in forms* - after choosing a form you can click in the fields, type in your information and then print it.

HSA Forms

-  [HSA Application & Custodial Agreement](#)
-  [Request for Dependent Debit Card](#)
-  [HSA Rollover/Transfer Form](#)
-  [HSA Contribution Form](#)
-  [HSA Distribution Form](#)
-  [HSA Change Form](#)

HSA Information

-  [Health Savings Account \(brochure\)](#)
-  [HSA Disclosure Statement](#)
-  [HSA Fee Schedule](#)
-  [HSA Investment Funds](#)
-  [HSA Matrix of Eligibility and Contributions](#)

- [Setup an HSA](#)
- [HSA Eligible Expenses](#)
- [Uploading Documents to Your Online Account](#)

- [HSA FAQ](#)
- [HSA Glossary](#)
- [HSA Links](#)
- [Contact Us](#)



All documents are in **Adobe PDF format**. You will need the free [Adobe® Reader®](#) to view these documents. We recommend version 6.0 or newer.

E-SB-566 0209

Eligible Expense = eligible for a tax-free distribution from an HSA.

Potentially Eligible Expense = sometimes qualifies as eligible depending upon certain facts.

Generally Not an Eligible Expense = does not typically qualify as an eligible expense, although a limited exception is available.

Not An Eligible Expense = does not qualify as an eligible expense for reimbursement under a Health FSA, HRA, or a tax-free distribution from an HSA.

OTC = over-the-counter

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EXPENSE	ELIGIBLE?	SPECIAL RULES
Acne treatment - over the counter	Potentially eligible	If to treat acne, it is eligible if incurred prior to January 1, 2011. Must be prescribed if incurred after December 31, 2010. See Drugs and medicines. However, the cost of regular skin care does not qualify.
Acne treatment - prescription	Potentially eligible	If the expense can be used for both cosmetic and medical (such as Retin-A, which can be used to treat both acne and wrinkles), a physicians recommendation with the medical condition is required.
Acupuncture	Yes	If treating medical condition.
Adoption - medical expenses incurred before adoption is finalized	Yes	If child was legal dependent when services provided.
Advanced reimbursements	No	See special requirements under Orthodontia expenses and Prenatal expenses.
Alcoholism treatment	Yes	For inpatient treatment.
Allergy medicine (OTC)	Potentially eligible	Eligible if expense incurred prior to January 1, 2011. Must be prescribed if incurred after December 31, 2010. See Drugs and medicines.
Alternative healers	Potentially eligible	Nontraditional healing treatments provided by professionals may be eligible if provided to treat a specific medical condition. The treatments must be legal. And the expenses do not qualify if the remedy is a food or substitute for food that the person would normally consume in order to meet nutritional requirements. Drugs and medicines recommended by alternative healers to treat a specific medical condition can qualify as medical care. Drugs and medicines incurred after December 31, 2010 must be prescribed. See Drugs and medicines.
Ambulance	Yes	
Analgesics (OTC)	Potentially eligible	Eligible if expense incurred prior to January 1, 2011. Must be prescribed if incurred after December 31, 2010. See Drugs and medicines.
Antacid (OTC)	Potentially eligible	Eligible if expense incurred prior to January 1, 2011. Must be prescribed if incurred after December 31, 2010. See Drugs and medicines.
Antihistamine (OTC)	Potentially eligible	Eligible if expense incurred prior to January 1, 2011. Must be prescribed if incurred after December 31, 2010. See Drugs and medicines.
Anti-itch creams (OTC)	Potentially	Eligible if expense incurred prior to January 1, 2011. Must be prescribed if incurred



Account of John Smith (Account 10001438384)

Account 10001438384 [Close](#)

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HSA

Cash		Year To Date	
Cash Account Balance	\$1350.00		
Pending Contributions	\$0.00	YTD Contributions	\$1500.00
Pending Payments	\$0.00	YTD Withdrawals	\$150.00
		YTD Expenses	\$0.00
		YTD Rollover/Transfers	\$0.00
Available Balance	\$1350.00	YTD Investments	\$0.00
2010 Year Contributions		2011 Year Contributions	
Contributions Limit for Individual Coverage	\$3050.00	Contributions Limit for Individual Coverage	\$0.00
Contributions Limit for Family Coverage	\$6150.00	Contributions Limit for Family Coverage	\$0.00
Catch-up(55+) Contributions	\$0.00	Catch-up(55+) Contributions	\$0.00
Contributions Made	\$0.00	Contributions Made	\$1500.00

After Enrollment

Welcome Packet

- 1 – 2 weeks
- Includes
 - Debit card information
 - Account access
 - Required forms



After Enrollment

Debit Card

- 7 – 10 business days from effective date of HSA
- Use it as a credit card
- May only use at medical providers such as doctor's office, pharmacies, hospitals, etc.



American Fidelity HSAs

Learn more:

- www.afhsa.com
- www.irs.gov
- <http://www.treas.gov/offices/public-affairs/hsa/>

Contact us:

- HSA-Support@af-group.com
- 405-523-5699
- 1-866-326-3600



Health Savings Accounts

Thank You

Neither Health Services Administration nor American Fidelity Assurance Company are providing tax advice. Individuals with an interest in HSAs should contact their tax advisor.

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