

Our Providers' Regence HSA Questions Answered

General information about HSAs

Q: What is a Health Savings Account?

A: Health savings accounts (HSAs) were signed into federal law with the Medicare Prescription Drug Improvement and Modernization Act of 2003. The law's intent was to pair qualified high-deductible health plans (HDHPs) with savings accounts that allow individuals to set aside tax-deductible, interest-earning funds to cover deductibles, coinsurance and other qualified medical expenses. Rolling over unused funds from year to year adds tax-sheltered investment and retirement-planning options.

Note: While members may purchase a qualified HDHP without opening an HSA, they can't open an HSA without being enrolled in a qualified HDHP.

Q: How are Health Savings Accounts different from Health Reimbursement Arrangements or Flexible Spending Accounts?

A: *Health Reimbursement Arrangements (HRAs)* consist of funds employers set aside to reimburse employees for qualified medical expenses. Employers can deduct the cost of HRAs as a business expense. HRAs provide "first-dollar" medical coverage until funds are gone. Unused funds roll over at the end of the year. Former employees and retirees can continue to withdraw unused funds from HRAs until the account is exhausted, but the funds do not follow an employee to a new employer.

Flexible Spending Accounts (FSAs) are employer-sponsored benefit plans that allow members to set aside pre-tax salary dollars to cover medical expenses as they are incurred. Funds are contributed to the account through payroll deduction, then withdrawn by submitting claim forms and receipts for medical bills. FSA funds are not subject to income or Social Security taxes. FSAs are "use it or lose it" plans, which means members will lose any dollars they don't claim. Members cannot claim amounts not spent on medical expenses.

Note: Funds from HRAs and FSAs cannot be rolled over to a Health Savings Account. For a side-by-side comparison of HSAs, HRAs and FSAs follow the link on the product page.

Q: Who is eligible for an HSA?

A: Members are eligible for an HSA if they:

1. Are enrolling in an accompanying qualified high-deductible health plan (HDHP),
2. Are not enrolled in Medicare,
3. Do not have coverage under another health plan, such as a spouse's plan, and
4. Are not claimed as a dependent on someone else's tax return (spouses aren't considered dependents).

Q: How does money get into the HSA?

A: *Individual plan members* make their own contributions by writing a check to the bank each month or by having funds automatically deducted from another account. *Group plan members* and their employers can both make contributions to the HSA through payroll deductions and direct deposits.

Contribution limits

Combined monthly contributions (by members and/or employers) should not exceed the *lower* of 1/12 of the annual deductible (Regence HSA Qualified Plan deductibles currently range from \$1,500-\$3,500 for individual coverage and from \$3,000-\$7,000 for family coverage) *or* the maximum limit set by the IRS (\$2,650 for individual and \$5,300 for family coverage in 2005). The maximum contribution limit is indexed for inflation and may increase. Lump sum contributions are allowed, but carry more risk than the monthly contribution model. **Note:** Most new accounts are not *initially* funded up to the maximums.

Q: How are funds withdrawn from the HSA?

A: As with any other type of financial account, there are many ways for members to access their funds, such as using a debit card or check to pay for qualified medical expenses or by submitting a request for reimbursement directly to Wells Fargo or other financial institution. **Note:** Members cannot withdraw more than the HSA's current balance, even for qualified medical expenses. Wells Fargo does not currently issue checks to their HSA account holders.

Q: What are qualified medical expenses?

A: Distributions from an HSA are not taxable income if used to pay for qualified medical expenses. Qualified medical expenses include services typically covered by Regence, such as office visits, emergency room services, and hospitalization. They also include prescription drugs, vision expenses (eyeglasses and contact lenses), deductibles, coinsurance amounts and non-cosmetic dental expenses. Premiums for health care coverage are not considered a qualified expense, except for the following:

- qualified long-term care coverage,
- health-care continuation coverage required by federal law, or
- health-care coverage while receiving unemployment compensation.

A complete list of qualified medical expenses can be found in IRS Publication 502 *Medical and Dental Expenses*. IRS Publication 969 *Health Savings Accounts and Other Tax-Favored Health Plans* also contains information and instructions for using these accounts. Both publications can be accessed online at www.irs.gov/formspubs. If members have questions about a specific expense, they should call their financial institution or Wells Fargo at 1 (866) 208-4653.

Q: What if funds are used for non-qualified expenses?

A: If used for anything *other* than qualified medical expenses, the amount distributed will be included in the member's gross income when they file their income taxes. Non-medical withdrawals by members under the age of 65 are subject to a 10% excise tax.

Q: How long can funds stay in the HSA?

A: Funds may be maintained indefinitely. Once a member reaches age 65, the amounts can be used for health expenses or to pay certain coverage costs, such as Medicare Parts A & B, Medicare HMO and other retiree health coverage costs. Funds for qualified medical expenses are withdrawn tax-free; for other expenses, the amount received will be taxable.

Q: Do the financial institutions provide tax information on HSAs to the IRS?

A: No, but they will keep records of HSA investments, contributions and disbursements. This information will be provided to members in annual, year-end reports as required by the IRS.

Regence Health Savings Account Qualified Plans

Q: What makes the Regence HSA Qualified Plans different from competitors' products?

A: Regence provides great medical coverage with our most comprehensive provider network (Participating) and worldwide BlueCard access to care.

Although members can choose any approved financial institution to set up and maintain their HSA, our preferred financial partner is Wells Fargo. Wells Fargo will issue debit cards that can be used to access HSA funds for qualified medical expenses (checks are not a current option for Wells Fargo HSA customers). Wells Fargo also offers respected customer service, investment options, retirement-planning resource, and Internet or phone account management.

Q: How do I know if a member has chosen a Regence HSA Qualified Plan?

A: There are several ways to see if a member has a Regence HSA Qualified Plan:

1. Regence Online Services users can click the *Plan Description* button on the Patient Coverage History screen. If enrolled, “HSA (Health Savings Account)” will be displayed.
2. Call Customer Service at 1 (800) 722-5086.
3. Check the “Comments” section of the member’s identification (ID) card (see sample below). If the member is covered under a Regence HSA Qualified Plan, “HSA QUALIFIED” will be displayed on the first line of this section.

Regence BlueCross BlueShield of Oregon
An Independent Licensee of the Blue Cross and Blue Shield Association

MEDICAL RX PAR Network ARGUS BIN 610623
RX PCN 0205000

COMMENTS
HSA QUALIFIED
\$1500 DED/80%IN-NTWK/60%OUT-NTWK

IF YOU ARE TRAVELING AWAY FROM HOME AND NEED A BLUE CROSS AND/OR BLUE SHIELD PROVIDER, CALL NATIONWIDE BLUECARD, 1-800-810-BLUE (2583)

Q: Are providers required to wait until a member receives funds from their HSA to receive payment?

A: No. Members covered under a Regence HSA Qualified Plan should be treated like any other member. Providers may collect deductible and coinsurance from the member up-front, and should promptly submit claims to Regence BCBSO. The member is responsible for withdrawing funds from their HSA. **Note:** Offices should follow their normal procedures for patients with deductibles and coinsurance. While some offices prefer to wait until claims are processed to bill the member, some collect a specific percentage up front (or even the entire allowable if it is verified that the deductible has not been met).

Q: Are providers required to submit receipts?

A: Members covered under a Regence HSA Qualified Plan will receive an explanation of benefits (EOB) for claims submitted to Regence BCBSO. If a provider or facility will *not* be filing a claim with Regence BCBSO, the member would need an itemization of services and/or supplies to document their expenses.

Q: What type of voucher will providers receive?

A: Processed claims for members covered under a Regence HSA Qualified Plan will be reported on your regular Participating voucher. There are no special reports or reporting requirements for these members.

Q: If a member uses HSA funds to pay for non-qualified expenses, is the provider penalized or required to refund the money?

A: No. It is the member’s responsibility to use the HSA funds for qualified expenses and to keep accurate records on how these funds are spent. How the member chooses to use their HSA funds is between the member and the IRS. If a member’s HSA funds are used for non-qualified expenses, the amount is taxable and the member will be assessed a penalty. The provider is not required to refund this amount to the patient, or to report their services to the IRS or the member’s financial institution.

Q: What do the debit cards look like, and are provider offices and facilities required to accept them?

A: Because members may choose which financial institution administers the savings account portion of their HSA, there may be a variety of debit cards and checks used to access HSA funds. Providers are not required to accept HSA debit cards or checks if they do not accept these forms of payment from their other patients. Regence members choosing Wells Fargo to administer their HSA will not receive checks; their debit card will be purple and may display both Regence and Wells Fargo logos (see sample below).



Q: Are non-covered services the same as non-qualified expenses?

A: No. *Non-covered services* are those excluded from coverage under the Regence HSA Qualified Plans, while *non-qualified expenses* are those services and supplies *not* allowed by the IRS as itemized income tax deductions.

For example, chiropractic care is excluded under the Regence HSA Qualified Plans as a non-covered service. However, the IRS considers chiropractic care a qualified expense. This means that although Regence would not pay benefits for chiropractic care, a member could use their HSA funds to cover these services without a penalty.

Q: Why must the full family deductible be met before benefits are paid on any single family member?

A: The government established this deductible requirement, and we must enforce it on our Regence HSA Qualified Plans to remain in compliance. **Note:** The family deductible is never more than twice the individual deductible, which may make it more lenient than other group plans that require up to three deductibles be met before all family members receive benefits.

Q: What are the Regence HSA benefits like?

A: Basic benefits for all HSAs are predetermined by the IRS. The Regence HSA Qualified Plans use the Participating provider network, and have deductibles ranging from \$1,500-\$3,500 for individuals and from \$3,000-\$7,000 for families. **Note:** Unlike our other products with deductibles, the entire family deductible must be met before payment is made on any family member, and prescription costs are applied to the medical deductible.

Coinsurance (after deductible) is 80% in-network and 60% out-of-network. The Regence HSA Qualified Plans include both group-based and individual products; the major difference is that for group products, the deductible is waived for preventive services. A benefit summary for both options is shown on the following page. **Note:** As with all plans, some benefits are limited. Please remember to verify benefits and eligibility before providing services and supplies to any Regence BCBSO member.

Regence HSA Qualified Plan Benefit Summary

	Individual Plan		Group/Employer Plan	
	In-network	Out-of-network	In-network	Out-of-network
Lifetime Maximum	\$2 million		\$2 million	
Provider Network	PAR	Non-participating	PAR	Non-participating
Deductible Options Single=No dependents Family=1 or more dependents	\$1,500 single/\$3,000 family* \$2,500 single/\$5,000 family* \$3,500 single/\$7,000 family*		\$1,500 single/\$3,000 family* \$2,500 single/\$5,000 family* \$3,500 single/\$7,000 family*	
	<i>*Family coverage (enrollee plus one or more dependents) Entire family deductible must be met before benefits are paid on any family member</i>			
Coinsurance	80%	60%	80%	60%
Out-of-Pocket Maximum	\$5,000 single/\$10,000 family		\$5,000 single/\$10,000 family	
PREVENTIVE SERVICES				
Women's Exams Incl. pap & mammogram	Ded'l & coins	Ded'l & coins	Coins only – ded'l waived	Coins only – ded'l waived
Immunizations	Ded'l & coins	Ded'l & coins	Coins only – ded'l waived	Coins only – ded'l waived
Well-Baby Exams to age 2	Ded'l & coins	Ded'l & coins	Coins only – ded'l waived	Coins only – ded'l waived
Routine Exams Incl. DRL, \$300 maximum	Contract Exclusion		Coins only – ded'l waived	Coins only – ded'l waived
PROFESSIONAL SERVICES				
Office Visits and Procedures	Ded'l & coins	Ded'l & coins	Ded'l & coins	Ded'l & coins
Diagnostic Radiology & Lab (DRL) Non-routine services	Ded'l & coins	Ded'l & coins	Ded'l & coins	Ded'l & coins
Maternity*	Ded'l & coins	Ded'l & coins	Ded'l & coins	Ded'l & coins
Mental Health	Contract Exclusion		Ded'l & coins	Ded'l & coins
Chemical Dependency	Ded'l & coins Alcoholism only	Ded'l & coins Alcoholism only	Ded'l & coins	Ded'l & coins
Rehabilitation incl. PT/OT/ST	Ded'l & coins	Ded'l & coins	Ded'l & coins	Ded'l & coins
FACILITY SERVICES				
Inpatient Incl. maternity*, surgery, rehab	Ded'l & coins	Ded'l & coins	Ded'l & coins	Ded'l & coins
Outpatient Incl. surgery, DRL, etc.	Ded'l & coins	Ded'l & coins	Ded'l & coins	Ded'l & coins
Emergency Room a) Medical emergency b) Non-emergency	a) Ded'l & 80% b) Ded'l & 60%	a) Ded'l & 80% b) Ded'l & 60%	a) Ded'l & 80% b) Ded'l & 60%	a) Ded'l & 80% b) Ded'l & 60%
Mental Health Incl. residential treatment	Contract Exclusion		Ded'l & coins	Ded'l & coins
Chemical Dependency Incl. residential treatment	Ded'l & coins Alcoholism Only	Ded'l & coins Alcoholism Only	Ded'l & coins	Ded'l & coins
Skilled Nursing Facility	Ded'l & coins	Ded'l & coins	Ded'l & coins	Ded'l & coins
OTHER SERVICES AND BENEFITS				
Ambulance	Ded'l & 80%, \$5,000 max/year		Ded'l & 80%, \$5,000 max/year	
Durable Medical Equipment	Ded'l & coins \$2,500 max/year	Ded'l & coins \$2,500 max/year	Ded'l & coins	Ded'l & coins
Home Health and Hospice	Ded'l & coins	Ded'l & coins	Ded'l & coins	Ded'l & coins
Prescription Medications	Ded'l & 50%		Ded'l & 80%	
Special Beginnings[®]	Maternity program designed to promote healthy prenatal care through education and support			
Transplants	\$250,000 lifetime maximum			
ADDITIONAL OPTIONS AVAILABLE (RIDERS)				
Dental	Individual Dentacare only		A variety of group dental plans are available	
Vision	Not available		100% - no ded'l	70% - no ded'l

*Maternity benefits are not available for Washington members enrolled in Individual HSA Qualified Plan
Benefit limits may apply