



HSA: FAQ...

Page 1 of 5

Frequently Asked Questions (FAQ) about Health Savings Accounts:

q1. With the FSA I can be reimbursed for expenses paid, regardless of the amount accumulated in my account. Will it be the same with the HSA?

A. No, HSA's will pay only what you have deposited.

q2. Do I have the option to choose between an FSA and HSA?

A. Yes. You can even have both but there are limits on what you can claim as a withdrawal from your FSA until after your deductible has been met under your high deductible health plan.

See chart below:

When you contribute to BOTH the HSA and the FSA:

Deductible Not Met	Withdrawal Allowed	
Expenses:	HSA	FSA
Health	Yes	No
Drug (includes over the counter)	Yes	No
Dental	Yes	Yes
Vision	Yes	Yes
Hearing	Yes	Yes
Preventive Care (medical & Rx)	Yes	Yes

Deductible Met	Withdrawal Allowed	
Expenses:	HSA	FSA
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Vision	Yes	Yes
Hearing	Yes	Yes
Preventive Care (medical & Rx)	Yes	Yes

q3. Can I participate in the FSA and/or HSA plan if I don't have insurance with Quantum?

A. Yes. Your claims won't be quite as expedient because you'll have to submit the paperwork to your other insurance company first then forward their explanation of benefits (EOB) along with a FSA or HSA claim form to BAC.

q4. How does this change impact my dental care?

A. It will not affect your dental coverage. Dental has been separate coverage all along with its own deductible and copays. Your out of pocket expenses can be claimed through either your Flexible Spending Account or Health Savings Account at any time.

Health Savings Accounts: FAQ

Page 2 of 5

Q5. I have another company's supplemental insurance. Will this preclude me from having an HSA?

- A. No as long as this supplemental insurance has only limited benefits and no major medical coverage it will have no bearing on your qualification for an HSA.

Q6. When will I get my new Benefit Cards?

- A. Assuming you enroll timely during the open enrollment you will have your new cards by January 1, 2006.

Q7. When I go to the doctor or to get my prescriptions will I pay the full price for them?

- A. Yes you pay for them, but not full price. You'll have the PPO discounted rate for office visits and you will have the discounted rate on drugs with the new drug card. What you do pay is eligible for reimbursement with pre-tax dollars you put into either an FSA or HSA, and these costs count toward your deductible level.

Q8. If my prescriptions run up to \$500 per month, can HSA's and FSA's both be used?

- A. Yes, at anytime under the HSA and once the High Deductible Health Plan's deductible has been met under the FSA. *(Please see the chart in Q2)*

Q9. When buying prescriptions and going to the doctor, who turns in the amount paid by the employee to determine when I reach my \$2000.00 deductible, the me or the doctor?

- A. Typically physicians and dentists file claims on your behalf. Those claims go to a PPO for re-pricing and then on to BAC for payment. BAC tracks your deductible. Pharmacists do not file claims for you so you would need to file your claim along with your receipt by sending them directly to BAC.

Q10. Are shots covered at the \$20.00 co-pay still?

- A. Vaccinations for children will be covered 100% – up to a \$500 max. All others will apply to the deductible. *(Please see chart in Q-2 for FSA limitations)*

Q11. I am considering dropping the insurance. What are the requirements to pick it back up at a later date, i.e. because of switching jobs or finding we do not like the other insurance?

- A. These are two separate scenarios. 1) If the job switch means a loss of current coverage that would be a "qualifying event" and you could get back into our plan immediately. You must make a written request within 30 days of the qualifying event. 2) If you just don't like the other insurance, that doesn't constitute a qualifying event and you can only get into our plan by enrolling during the month of December for coverage beginning in January.

Health Savings Accounts: FAQ

Page 3 of 5

q12. Can I drop my health coverage at any time of the year or are there certain periods to withdraw from the plan?

- A.** Because your contribution payments are part of our cafeteria plan (pre-tax Section 125) you must do it either at the conclusion of a plan year (December 31st) or within 30 days of a qualifying event.

q13. Will I have to pay full price for doctor visits until the deductible is reached?

- A.** Doctors should continue to send claims to the PPO for repricing and then to BAC for processing. Your BAC EOB will inform you how much you need to pay the physician's office. Once the deductible is met our High Deductible Health Plan pays 100%.

q14. How will withdrawals out of the savings plan be handled, and will there be penalties for excessive withdrawals like a regular savings account?

- A.** Withdrawals from "Health Savings Accounts" are in the form of claims filed through BAC (Business Administrators & Consultants, Inc.), our third party administrator. Withdrawals for qualified expenses as defined by the Internal Revenue Code Section 213 are tax free. Non-qualified withdrawals are allowed and subject to regular income taxes and if you are under age 65 a 10% penalty. This is similar to an IRA.

q15. What will the interest rate be on the HSA?

- A.** The money must be in a checking account in order to facilitate claims payments; therefore the interest rate will be the rate in effect for the interest bearing checking account in which the funds are deposited.

q16. With these changes, do I still pay the same amount for health insurance coverage?

- A.** The rates for the plan have not changed at this time.

q17. Can I get an allowance to buy my own health coverage?

- A.** We have no provision for an allowance to purchase outside coverage, you choose whether or not you wish to participate in our plan at the rates in effect at the time.

q18. If one member of the family reaches the \$2000 deductible, then is that family member eligible for the 100% coverage?

- A.** No, under family coverage the \$4,000 deductible must be met either by one or multiple family members before the 100% coverage begins.

q19. Is there an age requirement on the HSA account? I wasn't sure if I was eligible since I am over 65.

- A.** Individuals who are age 65 or older are generally ineligible for HSAs because you are covered by another health plan, Medicare. Your remaining option for pre-tax reimbursement for out-of-pocket medical expenses is the FSA.

Health Savings Accounts: FAQ

Page 4 of 5

q20. I am on Medicare as a supplemental insurance. Will this prohibit me from the HSA account?

- A.** Yes, your option would be to use an FSA.

q21. If I set up a Health Savings Account and something happens to my spouse and me, what happens to this asset? Will it go to my children without any health related requirements?

- A.** There is a beneficiary designation with the HSA account. If the beneficiary is the deceased account-holder's spouse, the spouse becomes the account-holder of the HSA and the transfer is not taxable. All other beneficiaries cause the account to cease being a HSA and the fair market value would be taxable income to the beneficiary(s).

q22. Can I draw on the HSA & FSA for my spouse/kids expenses and be on single insurance coverage?

- A.** Yes; however there are some extra steps and liability for you. If you have single health plan coverage but wish to run out-of-pocket expenses on other family members through your HSA or FSA then you will need to file the claims with BAC and include proper documentation.

q23. We are expecting a baby next year. Without copays, do the payments go toward the deductible?

- A.** Yes. I would fall under the deductible category. But the good news is that the pre-natal exams are all covered under the well care at 100% to \$500.

q24. Will BAC automatically process my medical claim's deductible and co-insurance against my HSA and/or FSA?

- A.** No, for several reasons:
- For FSA's you must attest that you have no other coverage available to pay these expenses, such as coverage under a spouse's plan.
 - BAC would have no idea which account, FSA or HSA, you would want the money withdrawn from.
 - Most people save money in these accounts for specific reasons and would not want money automatically withdrawn. Examples include using a FSA for the purpose of paying for a child's braces or a HSA to accumulate money for retirement.

Therefore you will need to submit a claim requesting the withdrawal either by paper or electronically by logging on to BAC's web site and clicking on 'Participant' on the home page or in the 'Members Area'.

q25. Will I have to pay the doctor for services while I am at the Doctor's office?

- A.** Most doctors participating in the PPO will bill BAC first. BAC will process your claim and send an EOB to you at your home showing the amount applied to your deductible. (or you can review your claim(s) online via the members area at www.bactpa.com) This is the amount you will need to send to your Doctor.

Health Savings Accounts: FAQ

Page 5 of 5

q26. What happens if I have more than \$500.00 in well care during the year?

- A.** Any amounts over the \$500 maximum will be eligible toward your \$2,000 deductible and/or paid at 100% after you reach your deductible.

q27. Can I just pay more and keep the current health care plan?

- A.** No Quantum has determined that we will no longer offer the current PPO plan. Your choice is to either enroll in the HSA program or take coverage elsewhere. *(refer to Q/A 11 & 12)*

The information provided in this FAQ is intended to be summary information only

Eligible persons who choose to participate should review the SUMMARY PLAN DESCRIPTION and PLAN DOCUMENT (Benefit Booklet) for information about: participation, benefits, limitations, and exclusions.

This is not a contract, policy or guarantee of coverage.

