What is a Health Savings Account (HSA)?
What is generally called an "HSA" has two parts. To open a HSA, you must be enrolled in a qualified health plan with a high deductible. A HSA lets you set aside pre-tax dollars for future medical, retirement, or long-term care premium expenses. An employee can invest these funds as he/she wishes within a broad range of choices, then use them for qualified expenses. The funds roll over from year to year.

Can I sign up for a health savings account (hsa) without being enrolled in a high deductible health plan?
No. Employees must be enrolled in the Blue Cross high deductible PPO plan in order to set up a health savings account. Employees enrolled in a HMO plan or the Traditional PPO plan cannot enroll in a Health Savings Account.

Are all SCU employees eligible to enroll in the HSA High-Deductible PPO plan?
No. Not all employees are eligible to participate in the plan. The following eligibility requirements must met.

- Employees under age 65 are eligible to contribute to a Health Savings Account (HSA) if they are enrolled in a qualified High-Deductible Health Plan (HDHP). Employees 65 and over are not eligible to enroll in the plan.
- An HSA cannot be established for persons eligible to be claimed as a dependent on another person's tax return. This is true even if the other person does not actually claim the deduction. This means HSAs are essentially limited to adults.
- An employee cannot be (1) covered by any other health plan that is not an HDHP or (2) eligible for Medicare benefits, which can include disabled persons under age 65.

Will I lose the money I contributed to the HSA at the end of the Calendar Year?
No. Unused HSA funds stay in the account and rollover from year to year. Each year, employees can make deposits up to the legal maximum.

Do I need to choose a Primary Care Physician?
No. Almost all High-Deductible Health Plans (HDHPs) are PPO plans with networks of physicians and hospitals. You do not have to choose a primary care physician and you do not need permission to visit a specialist.

What is the maximum HSA contribution allowed by law?
For 2006, the maximum you may contribute to a Health Savings Account (HSA) is the lesser of your deductible under the High-Deductible Health Plan (HDHP) and $2700 for single coverage or $5,450 for family coverage.
How much can I contribute to my HSA?
At Santa Clara, because the deductible is $1,200 for individual coverage, the maximum you can contribute is $1,200. The maximum for family coverage is $2,400; therefore, for family coverage, you can contribute up to $2,400.

Can I ever contribute more or make “catch-up contributions” to the HSA than the maximum allowed by law?
Maybe. For 2006, HSA holders age 55 and older may make additional annual contributions of $700, increasing by $100 each year to a maximum additional calendar year contribution of $1000 in 2009.

Are new hire employees eligible to make contributions to an HSA?
Yes. New hires may sign up for an HSA at the same time that they sign up for the High Deductible Health Plan (HDHP). The total contribution amount that will be allowed into the account will be proportional to the number of months left in the year. For example, if you have individual coverage with a $1200 deductible and you establish an HSA on July 1, your maximum calendar year HSA contribution would be $600.

Can I sign up for the Flexible Spending Account if I have a HSA account?
Maybe. An employee who signs up for a HSA account cannot use the Flexible Spending Account to pay for unreimbursed medical expenses. The employee must use the money in the HSA account before being allowed to use money in the FSA account. Please consult Sterling HSA for specifics related to this question.

What is Sterling HSA?
Sterling HSA is a company that SCU is contracting with to help employees manage their HSA accounts. For questions regarding your account or HSA eligibility, you may contact Sterling’s Customer Service number at 1-800-617-4729 or visit the website at www.sterlinghsa.com

Can Sterling provide tax advice in connection with your HSA account?
No. Sterling HSA is not required and will not provide tax advice concerning your HSA account. For tax advice, please contact your tax advisor.

What are Qualifying Medical Care Expenses under Health Savings Account (HSA) Plans?
When a Health Savings Account (HSA) distribution is used to pay for "qualified medical care expenses" of the account beneficiary, his or her spouse or registered domestic partner, or dependent children, the distribution is excluded from gross income. "Qualifying Medical Care Expenses" are described in IRS Publication 502 (http://www.irs.gov/pub/irs-pdf/p502.pdf).
What is a Flexible Spending Account (FSA) or Section 125 Plan?
Section 125 is a section of the Internal Revenue Code that allows employees to earmark pre-tax dollars toward payment of specified benefits including insurance premiums, medical care, and dependent care expenses. The dollars used for this purpose are not subject to social security, federal, or most state taxes. Examples include the Health care flexible spending account (health care FSA) or Dependent Care flexible spending account (dependent care FSA). FSA funds must be used within the calendar year; otherwise they are forfeited.

What is a Preferred Provider Organization (PPO)?
A delivery system where providers are under contract to a carrier to provide care at a discount for a fixed fee, and the health provider provides incentives to patients to use the contracting providers. Employees can reduce their annual deductible, and the portion of the medical bill they pay, by selecting providers from a specific network of physicians and or facilities.

What does Network mean?
The doctors, clinics, hospitals and other medical providers that a carrier contracts with to provide health care to its covered persons at discounted rates.

What does “In-network” mean?
When the participants choose to receive care from providers who participate in a network under the plan, this is considered receiving care “in-network.” Some plans have a “gatekeeper” who must authorize all care to have that care covered at in-network levels under the plan.

What is an Individual deductible?
The dollar amount or “deductible” that an employee must pay for covered services before the insurance pays.

What is a Lifetime Maximum?
The maximum amount the plan will pay toward a member’s coverage during the employee’s lifetime.

What is an Out-of-pocket maximum?
The maximum amount that a covered person must pay for medical expenses covered under the plan. It is the sum of deductibles, co-payments or coinsurance. Some charges do not count toward this maximum.

What is reasonable and customary?
The amount customarily charged for the service by physicians in the area and the reasonable cost of services for a given patient after medical review of the services.
**What is a Health Maintenance Organization (HMO)?**
A plan in which there is no deductible or co-insurance, and employees must select their providers from a list of participating physicians and/or facilities.

**What is a Primary Care Physician (PCP)?**
A doctor designated by an HMO or managed care company to be the first physician a patient contacts for any medical problem. The primary care physician acts as the patient's regular physician and as a gatekeeper who determines if the patient needs to see a specialist or requires hospitalization.