

# Medica ONESource<sup>®</sup>

## Health Savings Account

### Frequently asked questions

#### What is a health savings account (HSA)?

An HSA is a medical savings account that you contribute to tax free. You can use your HSA to pay for qualified (approved) health care expenses for yourself and your covered dependents. Your HSA is portable, which means you can take it with you when you leave your employer, retire or change health plans. You can contribute to your account as long as you're covered by a high-deductible health plan.

#### What is a high-deductible health plan (HDHP)?

An HDHP is a health plan that has a deductible amount within a certain range. The IRS determines the deductible amounts that make a plan an HDHP. You'll find these amounts in Publication 969 on [IRS.gov](https://www.irs.gov). You can see what your plan's deductible is on your Medica member website at [Medica.com/SignIn](https://www.Medica.com/SignIn).

#### Who can contribute to my HSA?

Depending on how your plan is designed, you, your employer or anyone else may contribute to your HSA, as long as the contributions meet IRS guidelines. For more information, see Publication 969 on [IRS.gov](https://www.irs.gov).

#### What if I already have another HSA?

You can leave your current HSA where it is, or you can transfer the balance to your Medica ONESource HSA. Check with your HSA's administrator to learn how to transfer your balance. Also, see Publication 969 on [IRS.gov](https://www.irs.gov) for important information about the rules for HSA transfers and rollovers. If you have questions, check with your tax advisor.

#### When and how much can I contribute to my HSA?

You can contribute to your HSA as soon as your account has been established. You'll receive a welcome flier or email when your account is set up. You can contribute as often and as much as you like, as long as your total contributions don't exceed IRS limits for the year. For 2024, contribution limits are \$4,150 for single coverage and \$8,300 for family coverage. These amounts include total contributions from you, your employer (if applicable), and anyone else.

#### Access your HSA online

To access your account online, sign in to your Medica member website at [Medica.com/SignIn](https://www.Medica.com/SignIn).

You can also access your account on your mobile device. Just follow the sign in instructions above to find out how to download the Medica ONESource app.

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### How can I contribute to my HSA?

You can contribute to your HSA:

- By mailing a deposit with a completed HSA contribution form
- Through payroll deduction, if your employer offers this option
- With an online transfer from your personal savings or checking account
- By rolling over an existing HSA balance into your Medica ONESource account

To find the forms you need or to learn more, access your Medica ONESource account online (see instructions in the box above) and go to Tools & Support.

### Can I invest my HSA funds?

Once you have \$2,000 in your account, you can invest any money above that amount. Just follow these steps:

1. Access your Medica ONESource account online (see instructions in the box on page 1).
2. From the ONESource homepage, click “Accounts” and then “Investment Summary.”
3. Click the “Change Investment” link.
4. Enter the dollar amount (above \$2,000) that you want to keep in your account as cash. When your balance exceeds this amount, those funds will automatically be invested. You can change this amount at any time. Click “Save.”
5. Determine how you want your funds invested. For more information, see “What are my choices for investing my HSA funds?” below.

### What are my choices for investing my HSA funds?

You have many investment options for your HSA. Once you have more than \$2,000 in your account, you can view your investment options and make your selection. First, set the amount you want to keep in your account as cash (see “Can I invest my HSA funds?” above), then follow these steps:

1. Access your Medica ONESource account online (see instructions in the box on page 1).
2. From the ONESource homepage, click “Accounts” and then “Investment Summary.”
3. Click the “Change Investment” button.
4. Choose “Which investments do you want to change?” and follow the prompts to update your investment options.

Keep in mind:

- If you don’t choose any investment options, your funds will automatically be invested in the HCB Interest Bearing Account.
- To learn more about the different investment options, go to “Accounts,” then “Investments,” and choose “Education.”

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### **What expenses can I pay for with money from my HSA?**

The IRS determines which expenses are eligible. You can find the list in IRS Publication 502 on [IRS.gov](https://www.irs.gov). For example, you can't pay for your 25-year-old child's expenses from your HSA, even if that child is covered under your medical plan, unless you also claim that child as a dependent on your taxes. You can find more information in IRS Publication 969.

### **How do I withdraw funds from my HSA?**

You can withdraw funds (also called a distribution) by:

- Using your Medica ONESource debit card at the doctor's office, pharmacy, or other locations that can approve eligible expenses when you swipe your card
- Paying a bill online
- Requesting reimbursement for expenses you've already paid for

To learn more, access your Medica ONESource account online (see instructions in the box on page 1).

### **Do I have to use my HSA funds for all of my out-of-pocket health care expenses?**

No. You have total control of your HSA funds. You can pay for expenses from your account, or pay out of pocket and save your HSA money for the future.

### **What happens if I use HSA funds for a nonqualified (unapproved) expense?**

If you make a withdrawal from your HSA for a nonqualified expense, you must claim the amount as taxable income. You may also have to pay an additional 20% penalty. For more information, talk with your tax advisor.

### **How do I report HSA withdrawals that I used for nonqualified expenses?**

You must report withdrawals for ineligible expenses on your income tax return. For more information see Publication 969 on [IRS.gov](https://www.irs.gov) or check with your tax advisor.

### **Should I keep records of my HSA transactions?**

Yes. Save all receipts and records of withdrawals for tax reporting to the IRS. If you use your HSA funds for non-qualified expenses, you must report those withdrawals (see question above on previous page).

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### **What are catch-up contributions and who can make them?**

In most cases, when you reach age 55, you can begin making additional contributions to your HSA to maximize your tax advantages and set aside more money. Eligible individuals between age 55 and 64 can make catch-up contributions of \$1,000 annually, as long as they're enrolled in a high-deductible health plan. You can make the full amount of the catch-up contribution in the year you turn 55, as long as you're enrolled in a high-deductible health plan for the full year. For more information, see Publication 969 on [IRS.gov](https://www.irs.gov), or talk with your tax advisor.

### **Is it true that individuals 65 or older can withdraw funds from their HSA for any reason without a penalty?**

Once you turn 65, there is no penalty for withdrawing funds from your HSA. However, you will pay income tax on the money if it's used for non-qualified expenses (i.e., expenses not included in IRS Publication 502).

### **What happens to my HSA if I leave my employer?**

All the money in your HSA, including funds your employer contributed, is yours to keep. Shortly after you leave your employer, your HSA will be transferred to an individual account (if you also have a health reimbursement account or flexible spending account, the transition will take a little longer). The first of the month after you leave your employer, you'll begin paying a monthly \$3 service fee for the account. You'll receive a letter with more details.

You also have the option to transfer your funds to another qualifying HSA. To avoid taxes and an additional 20% penalty, you must transfer the money within 60 days of withdrawing it from your Medica ONESource account.

### **Can I access my HSA on my mobile device?**

Just download the Medica ONESource app from the App Store or Google Play. Use the same username and password to sign in to the app.

### **Who can I contact if I have questions about my account?**

Call Medica ONESource at **1 (800) 918-6152**.