



# Health Savings Accounts

A guide for individuals and families



MII Life

Choose a company  
that knows the  
ropes. MII Life has  
been administering  
accounts for people  
like you since 1989.  
Relax.



## Smart options for your health. Intelligent choices for your financial future.

Most of us pay at least a portion of our medical expenses each year. If you're not part of a group plan, you probably pay a health plan premium. Then there are deductibles and sometimes coinsurance or copays. Some years your expenses may be significant; other years, you may spend very little.

### Introducing the health savings account from MII Life

The concept is simple:

**First**, a health savings account makes it easier to handle an affordable high-deductible plan. You can cover your deductible (and other expenses) with funds from your tax-deductible health savings account.

**Second**, if you don't use all the money in your account, the balance "rolls over" to following years. Those dollars continue to earn interest — and continue to be available for medical expenses.

**Third**, and maybe most important: *At age 65, any money in your account is yours (subject to normal taxes) to spend however you choose — no penalties.*



**The health savings account is like a 401(k) for your health. Many Americans are discovering this new way to combine health coverage with financial planning.**

### **From an account administrator that knows the story**

When your health savings account is administered by MII Life, there are many advantages:

- Dedicated, experienced people to help you with questions
- Paperless, automatic claims processing if you choose — you save time and hassle
- Automatic, electronic payments to pharmacies for prescriptions, if you choose
- Online access to account information and forms
- Quick turnaround and electronic deposits into checking or savings accounts
- No minimum contribution requirements
- Contribution tracking and quarterly statements

# You're in the driver's seat. It's your money. Why not make it work for you?

## How a health savings account can work for you

Here's a step-by-step to get you started. If you have more questions, one of our experts will be happy to answer them. Call (651) 662-5065, or 1-800-859-2144 toll free.

### 1. Set-up and contributions

Once you've completed a health savings account application and have received written confirmation of your account from Mll Life's "Select Account" team, you make your first contribution to your account. (You decide how much and how often you will contribute. There's no minimum contribution.)

In any one tax year, you can generally contribute up to 100 percent of your health plan deductible. By federal law there is a limit. In 2004 that limit is \$2,600 for individuals and \$5,150 for families.

Contributions are tax-deductible and earn interest from the first dollar you deposit.

### 2. Until you reach your deductible

When you receive eligible services or medical supplies and equipment, you pay the providers. Then, you may choose to be reimbursed with health savings account dollars, or you can leave your money to earn interest in the account. It's your money and your choice!

### 3. After your deductible is met

Your health plan begins to pay for eligible expenses when you have reached your deductible. At this point, your share of expenses depends on your plan — 80 percent or 100 percent coverage. You can pay your share with money you might still have in your health savings account, or you can pay with money out of your pocket.

You can also choose to pay for a wide range of medical expenses that are not covered by your health plan, like acupuncture or laser vision surgery, using your tax-deductible health savings account dollars. Some of these expenses don't count toward satisfying your deductible, but the tax advantages still apply.

## A LITTLE EXTRA TOWARD RETIREMENT

Between the ages of 55 and 64, you can make additional tax-advantaged contributions to your HSA. The amount is \$500 above the maximum in 2004. This amount will increase by \$100 each year through 2009.



## Crossover: a unique, time-saving advantage

The connection between your health plan and your savings account is practically seamless, so it's easy to use.

Choose our "crossover" option when you apply for your account to save time and headaches with paperless, automatic claims processing.

For medical services and products, you'll receive the money, either by check or deposited directly into your personal checking or savings account. You pay your provider. You'll receive partial payments according to your balance if you don't yet have enough money in your health savings account to cover an expense entirely.

For pharmacy purchases, the pharmacy will be paid automatically when you present your member ID card if there's enough money in your account.

Without the "crossover" feature, you simply submit a withdrawal request form and then receive payment from your account. This lets you select which expenses are paid from your account.

## Qualified expenses

Here's a partial list of some of the most common expenses that can be paid from your health savings account. You may use your health savings account to pay for these services, whether or not your health plan covers them.

Abdominal supports	Contact lenses	Gum treatment	Oral surgery	Psychologist
Abortion	Contraceptive devices	Gynecologist	Organ transplant (including donor's expenses)	Psychotherapy
Acupuncture	Convalescent home (for medical treatment only)	Healing services	Orthopedic shoes	Radium therapy
Air conditioner (when necessary for relief from an allergy or for relief from difficulty in breathing)	Crutches	Hearing aids and batteries	Orthopedist	Registered nurse
Alcoholism treatment	Dental treatment	Hospital bills	Osteopath	Special school costs for the handicapped
Ambulance	Dental x-rays	Hydrotherapy	Over-the-counter drugs (except for the purchase of vitamins and supplements)	Spinal fluid test
Anesthetist	Dentures	Insulin treatments	Oxygen and oxygen equipment	Splints
Arch supports	Dermatologist	Lab tests	Pediatrician	Sterilization
Artificial limbs	Diagnostic fees	Laser eye surgery	Physician	Stop-smoking aids
Autoette (when used for relief of sickness/disability)	Diathermy	Lead paint removal	Physiotherapist	Surgeon
Birth control pills	Drug addiction therapy	Lodging (away from home for outpatient care)	Podiatrist	Telephone or TV equipment to assist the hard-of-hearing
Blood tests	Drugs (prescription)	Metabolism tests	Postnatal treatments	Therapy equipment
Blood transfusions	Elastic hosiery (prescription)	Neurologist	Practical nurse for medical services	Transportation expenses (relative to health care)
Braces	Eyeglasses	Nursing (including board and meals)	Prenatal care	Ultraviolet ray treatment
Cardiographs	Fees paid to health institute prescribed by a doctor	Obstetrician	Prescription medicines	Vaccines
Chiropractor	FICA and FUTA tax paid for medical care service	Operating room costs	Psychiatrist	Vasectomy
Christian Science Practitioner	Fluoridation unit	Ophthalmologist	Psychoanalyst	Wheelchair
	Guide dog	Optician		X-rays
		Optometrist		

Generally, health insurance may not be purchased with health savings account funds. There are three exceptions. Funds may be used for 1) a health plan during any period of continuation of coverage required under any federal law, 2) a qualified long-term care plan, or 3) a health plan during a period in which the individual is receiving unemployment compensation under federal law.

These expenses do not qualify for reimbursement:

Advance payment for services to be received next year	Commuting expenses of a disabled person	Health programs offered by resort hotels, health clubs, and gyms	Scientology counseling	Travel for general health improvement
Athletic club membership	Cosmetic surgery and procedures	Illegal operations and treatments	Social activities	Tuition and travel expenses for a child with special needs at a particular school
Automobile insurance premium allocable to medical coverage	Cosmetics, hygiene products and similar items	Illegally procured drugs	Special food or beverages	Vitamins (unless used to treat a specific medical condition)
Boarding school fees	Diaper service	Maternity clothes	Specially designed car for the handicapped other than an autoette or special equipment	Weight loss programs
Bottled water	Domestic help	Premiums for life insurance, income protection, disability, loss of limbs, sight or similar benefits	Supplements (unless used to treat a specific medical condition)	
	Funeral, cremation or burial expenses		Swimming pool	

If you decide to use your health savings account funds for non-qualified expenses (or any others not listed in IRS Publication 502), you must pay taxes on the funds and a 10 percent penalty.

These lists are intended to serve as a quick reference. Please remember that neither your health plan nor MII Life can provide tax advice. For more detailed information, refer to IRS Publication 502, "Medical and Dental Expenses," catalogue number 15002Q. Order by calling 1-800-TAX FORM (1-800-829-3676). The account holder is responsible for filing necessary tax information. Always discuss tax strategies with a financial advisor.

## Forms to use

There is some up-front paperwork required to manage your health savings account. We'll try to keep it simple. Here's a list of forms and what they're for. You can download and print all forms as you need them at [www.miilife.com](http://www.miilife.com), or you can call MII Life.

**Please note:** establishing a health savings account is a separate process from applying for and being accepted for coverage under a health plan.

### Health savings account application (required)

Complete this to open your account

### Contribution form (required)

To let us know when and how much you'd like to deposit in your account each time you send us a check or authorize an electronic transfer from your bank account to your health savings account

### Authorization for automatic health care expense reimbursement, or "crossover" (optional)

To have your medical claims automatically submitted to your account administrator — this will save time later on by eliminating the need for a withdrawal request

### Authorization for electronic transfer of funds (optional)

- To have contributions electronically transferred from your bank account to your health savings account
- To have withdrawals electronically transferred from your health savings account to your bank account

### Withdrawal request (as needed)

To receive money from your account

### Transfer request (if needed)

You'll use this only if you're transferring money from a previous health savings account or medical savings account custodian

### Rollover certification (if needed)

You'll use this only if you're contributing money you've received from a previous health savings account or medical savings account

## The help you need from MII Life

You can check on your account any time of day or night at [www.miilife.com](http://www.miilife.com). You'll need the personal ID number you receive after you've applied for your account.

**For questions about the health savings account, please call (651) 662-5065 or toll free at 1-800-859-2144. We're at your service.**

