HEALTH SAVINGS ACCOUNT

Full-time Academic and Staff Employees
Summary of Plan Provisions

Health Savings Account Administered by The Nyhart Company
FOREWORD

Material in this booklet is for informational purposes only and is not intended to serve as legal interpretation of benefits. This booklet replaces and supercedes all plan documents the enrollee may have previously received.

All coverage information is intended to only describe benefits provided by this plan, and is not intended to limit or exclude services that members may elect.

Indiana University reserves the right to amend or terminate all or any part of this plan. If this plan is amended, participants will be provided a summary of the amendment or a revised booklet reflecting any changes made in the principal features.

PRINCIPAL FEATURES

Health Savings Account
The Health Savings Account is an IRS-qualified feature that provides substantial tax savings and participant flexibility. The University makes an annual contribution to the employee’s account, and the employee can decide whether to make contributions above a required minimum. The account is owned by the employee; this means that account balance rolls over from year to year, even when an employee leaves the University.

The account has the flexibility to be used for current medical expenses or funds can be accumulated in the account to save for future health care expenses including those incurred during retirement. Balances of $1,000 or more may be placed in an array of investment options. Contributions, interest, and investment earnings are not subject to federal, state, or FICA taxes; the University pays the monthly banking fees for the savings account while the employee is enrolled in an HDHP.

Administrative Services
Contact University Human Resources or refer to the Web site at http://hr.iu.edu/ for:
- Customer service telephone numbers;
- HSA Enrollment/Change form

Use the Employee Center for:
- Name or address changes;
- To cancel coverage.

The benefits described are effective January 1, 2016.
Customer Service Information

Health Savings Account
For information on the Health Savings Account, including contributions, withdrawals, account balances, and investment options, call The Nyhart Company at 800-284-8412 or visit iu.nyhart.com.

University Human Resources
For benefits information and forms, go to http://hr.iu.edu/benefits/.
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General Provisions

As part of the Anthem PPO HDHP or the IU Health HDHP, the Health Savings Account (HSA) is an IRS-qualified feature that can provide substantial tax savings. The Health Savings Account is established under Internal Revenue Code Section 223.

The University makes a contribution to the employee’s account, and the employee can decide whether to make contributions above a required minimum. The account is owned by the employee. This means that the account balance rolls over from year to year, even when an employee leaves the University. The account has the flexibility to be used for current health expenses or money can be left in the account to save for future health care expenses including those incurred during retirement. Balances of $1,000 or more may be placed in an array of investment options. Contributions, interest, and investment earnings are not subject to federal, state, or FICA taxes. The University pays the monthly account maintenance banking fees for the cash account while the employee is enrolled in the Health Savings Account plan.

The Health Savings Account is administered by The Nyhart Company, and contracted by Indiana University for use by its employees. The account is the responsibility of the participant. The Plan Administrator shall not be responsible for the adjudication of any claims or the payment of any reimbursement from the Health Savings Account.
**HSA Eligibility and Enrollment**

**Commencement of Participation**
The Health Savings Account can be established by the HSA custodian on the first day of the month in which HDHP coverage is in effect. If HDHP coverage is established after the first of the month, the Health Savings Account will be established the first of the month following.

A Health Savings Account cannot be established unless the participant is verified by the HSA custodian as meeting the requirements of the USA Patriot Act and any other applicable federal or state banking requirements. In the event such verification delays the establishment of the Health Savings Account beyond the first day of HDHP medical coverage, the account will be established as soon as identification has been verified.

**Eligibility**
In order to be an eligible individual and qualify for an HSA, you must meet the following requirements:

- You must be covered under a high deductible health plan (HDHP),
- You must have no other medical coverage (see next section for details).
- You are not enrolled in Medicare.
- You cannot be claimed as a dependent on someone else’s tax return.
- You have a valid Social Security Number.

**No Other Medical Coverage requirement**
In order to be eligible for tax-free contributions into an HSA, the IRS requires that you have no other medical coverage other than an IRS-qualified high deductible health plan. You are disqualified for tax-free contributions if:

- You are covered by a federal government plan like Medicare A, B, or D, Tricare, or have received VA services in the last three months;
- Your spouse covers you on an IU plan or another employer’s medical plan unless it is also a high deductible plan.
- Your spouse has a Health Reimbursement Account (HRA) or flexible spending account (FSA) that is unrestricted, and the account could be used to cover your HDHP deductible.

You are still eligible if your spouse has other medical coverage, but you cannot be covered on his/her plan and still be eligible for tax-free contributions to your HSA account.

If the employee is ineligible for tax-free contributions, he/she can waive the HSA portion of the plan and be enrolled only in the HDHP plan.

If the employee is ineligible and elects the HSA, the employee is responsible for reporting the ineligible HSA contributions on his/her annual tax return. Consulting a tax advisor about reporting ineligible contributions is advised in order to avoid unforeseen taxes and/or penalties.

*A spouse means one by marriage, either opposite-sex or same-sex, legally entered into in one of the fifty states, the District of Columbia, or a U.S. territory or a foreign country. Spouses qualify for preferential federal tax treatment of health care benefits.

Note: While domestic partners and their children are eligible for IU-sponsored health care plan coverage, registered domestic partnerships, civil unions or similar formal relationships recognized under state law are not recognized by the IRS for preferential treatment. HSA funds cannot be used for the domestic partner’s health expenses unless they qualify as the employee’s tax dependent or spouse.
Enrollment
To enroll in coverage and establish the Health Savings Account, an employee must complete online enrollment to elect participation in an HDHP medical plan within 30 days from the first date of active employment, or within 30 days of the date the employee first becomes eligible for coverage, or during the Open Enrollment period of each year.

If the employee does not enroll in an HDHP medical plan within 30 days of becoming eligible for coverage, the employee cannot enroll until the next Open Enrollment period with an effective date of the following January 1.

An employee can change or drop their HDHP coverage only during the annual Open Enrollment period, except if a midyear Family Status Change occurs. Please see Section A for information on midyear enrollment changes.

When enrolled in an HDHP medical plan, the employee can change or drop their HSA contribution elections any time during the year. However, employees cannot change contributions to an amount less than the minimum required or less than what they have already contributed.
HSA Contributions

EMPLOYER CONTRIBUTION

Indiana University shall make an annual contribution to the participant’s Health Savings Account in an amount and manner specified and published to all eligible employees each year during Open Enrollment effective for the following plan year. The annual amount of the contribution will be based on the HDHP medical plan selected as well as the coverage level elected by the participant. Newly eligible employees who enroll in a HDHP and a Health Savings Account during the year will receive the full annual University contribution if the effective date of the HSA is prior to September 1. For participants with an enrollment effective date September 1 or after, no University contribution will be made for that plan year.

Indiana University shall contribute the difference between the employee-only and family coverage level contributions when a Participant elects to add one or more family members to her/his HDHP and Health Savings Account due to a Family Status Change during the year so long as the effective date of the change of status is before September 1. No additional Indiana University contribution will be made for an enrollment change effective September 1 or after.

IU Contribution Amounts

<table>
<thead>
<tr>
<th></th>
<th>Anthem PPO HDHP</th>
<th>IU Health HDHP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Only</td>
<td>$1,300</td>
<td>$1,600</td>
</tr>
<tr>
<td>All Other Coverage Levels</td>
<td>$2,600</td>
<td>$3,200</td>
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EMPLOYEE CONTRIBUTION

Minimum Contribution

Each participant enrolled in the HSA is required to contribute a minimum amount to the Health Savings Account. The minimum contribution is specified each year in Open Enrollment publications distributed to all eligible employees.

2016 Minimum Contribution: $300

Annual Maximum Contributions

The annual maximum amount an employee can contribute to her/his account is indexed with inflation and published each year by the US Treasury and IRS. The university’s contribution and the employees’ contribution together cannot exceed these maximums. The family maximum includes a spouse’s contributions to his or her own HSA when one or both spouses has a family maximum.

2016 Maximum Contributions:
(To determine the maximum the employee can contribute, subtract the University contribution from these maximums.)

Under age 55:
  • Employee-only HDHP..........................$3,350
  • Family HDHP*..................................$6,750

Age 55 or older (includes $1,000 catch up):
  • Employee-only HDHP..........................$4,350
  • Family HDHP*..................................$7,750

*Family coverage includes Employee w/Spouse, Employee w/Children and Family HDHP Coverage.
For any terminations during the year, the IRS requires that maximum contributions for partial year participation be prorated based on the number of months of participation. The IRS allows a maximum equal to 1/12th of the annual maximum for each month of participation. Any contributions in excess of the prorated maximum will be included in gross income and subject to an additional excise tax if not withdrawn by April 15th of the next taxable year. See IRS Publication 969 for details.

If the employee enrolls in the HSA mid-year and is enrolled on December 1st, the employee can contribute up to the full annual maximum amount for that year, as long as HDHP eligibility is maintained for a 12-month period. If eligibility is not maintained, contributions over the prorated maximum will be included in gross income and subject to an additional excise tax. Note the 12-month period starts with the last month of the taxable year in which HDHP enrollment commences. For example, an employee who enrolls in June 2016 must continue to be eligible from December 2016 - December 2017.

Family Status Changes between family and employee-only coverage levels may also result in prorated maximums. See IRS Publication 969 for details.

**CONTRIBUTION ELECTIONS**

The University annual contribution and the employee’s minimum annual contribution are automatic with the election of the Health Savings Account. However, the employee’s designated contribution election above the minimum must be elected by the employee. If the employee does not elect a contribution above the minimum, only the minimum will be deducted unless a change is made as described in Contribution Changes below.

**CONTRIBUTION CHANGES**

The employee’s annual contribution will be divided equally over pay periods. The contribution can be changed prospectively throughout the year, and the new amount to be deducted each pay period will be determined by subtracting the year-to-date payroll deductions from the new elected annual amount and dividing over the remaining pay periods for the year. Employees cannot change contributions to an amount less than the minimum required or less than what they have already contributed. Employees can make changes to their contribution by filling out a Health Savings Account Enrollment/Change form (found at hr.iu.edu) and submitting the form to the University Human Resources office.
Health Savings Account Benefits

The funds in the Health Savings Account are available to pay or reimburse all IRS qualified health expenses. Funds are only available for use as the money is deposited into the account through pre-tax payroll deductions. All funds stay in the account indefinitely until used and stay with the employee even after the employee leaves the University.

IRS QUALIFIED ELIGIBLE EXPENSES

Eligible expenses must not already be paid by insurance and must be incurred after the Health Savings Account was established. The expense can be for the employee, the employee’s spouse* or any eligible tax dependent. The IRS does not recognize domestic partners** as eligible for preferential tax treatment unless the domestic partner is also a tax dependent of the employee. Detailed information about qualified health expenses can be found in Section 213(d) of the Internal Revenue Code and IRS Publication 502. Examples include:

- COBRA premiums
- Medical and dental plan deductibles and co-insurance
- Dental expenses, including orthodontia, dental cleanings and fillings
- Diabetic supplies
- Eye exams, eyeglasses, contact lenses and solutions
- Hearing aids
- Laser eye surgery
- Long-term care premiums
- Medicare premiums and co-insurance
- Certain over-the-counter medicines (with a prescription)
- Prescription drugs
- Physical therapy, speech therapy and chiropractic expenses
- Specialized equipment and devices for disabled persons
- Transportation expenses related to medical care
- Weight reduction programs prescribed for physician-diagnosed obesity

*Spouse means either an opposite-sex or same-sex spouse by marriage, legally entered into in one of the 50 states, the District of Columbia, or a U.S. territory or a foreign country. Spouses qualify for preferential federal tax treatment of health care benefits.

**Registered domestic partnerships, civil unions or similar formal relationships recognized under state law are not recognized by the IRS for preferential federal tax treatment. HSA funds cannot be used for the DP’s health expenses unless they can also be claimed as a tax exemption by the employee.

ACCESS TO HEALTH SAVINGS ACCOUNT FUNDS

All participants will be provided with a debit card for the Health Savings Account. Funds in the account can be accessed by:

- Debit card payments at the point of care or services.
- Online fund transfers, e.g., HSA to Checking.
IRS LIMITATIONS ON OTHER SPENDING ACCOUNTS

The IRS limits the use of the IU Tax Saver Benefit Healthcare Reimbursement Account (TSB), a Flexible Spending Account, when an employee is enrolled in the Health Savings Account. Until the deductible is met, only vision and dental expenses can be reimbursed from the TSB. Once the deductible is satisfied, the TSB Healthcare Account can be used for any IRS qualified health expenses incurred after the date the deductible was met.
Reporting Requirements

Claim Substantiation
There is no claim substantiation required by the bank custodian or University with the Health Savings Account. Receipts are not submitted with the annual tax filing; however, substantiation may be required by the IRS later. Employees should save all receipts in case the IRS requires them. If requested by the IRS, the employee is required to produce receipts that show the fund distributions were used to pay or reimburse qualified health expenses. Expenditures from Health Savings Account that cannot be substantiated are subject to taxation and penalties. See Taxable Income Situations below.

Tax Forms
The bank custodian will send the employee a 5498-SA and 1099-SA form at the end of the tax year to report contributions and withdrawals to the account. The IRS requires the employee to submit Form 8889 each year with her/his federal income tax filing. This form reports all contributions to the account including contributions made by the university and by the employee through payroll deduction.

Taxable Income Situations
All expenditures from the Health Savings Account are to be used for IRS qualified health expenses such that the funds are not taxable income. Any distributions not used for IRS qualified health expenses will be subject to income taxes and an additional 20 percent tax penalty.

If the employee elects the HSA and is ineligible to receive tax-free contributions or becomes ineligible during the year, the employee is responsible for reporting the ineligible HSA contributions on his/her annual tax return. Consulting a tax advisor about reporting ineligible contributions is advised.
Termination of Coverage

Participation in the IU-sponsored Health Savings Account will end as of the first to occur of:

- the date that the plan terminates; or
- the date on which the participant fails to make all required contributions; or
- the date that the participant’s employment terminates or the participant is no longer an eligible employee; or
- the date that the participant’s coverage in the HDHP terminates (Any funds remaining in the HSA will become an individual account.); or
- the last day of the plan year in which the employee has elected participation in the plan.

HEALTH SAVINGS ACCOUNT AFTER TERMINATION

When an employee’s HDHP & Health Savings Account coverage ends, he/she is no longer eligible to make contributions to the Health Savings Account through IU payroll contributions. The employee will continue to have access to the funds to pay for qualified health expenses. The HSA custodian will provide information to the employee describing HSA options for transferring the IU affiliated account funds to a personal HSA or other IRS allowed option after participation if the University benefit ceases.

LEAVE OF ABSENCE

When an employee is on an approved leave of absence, participation in the Health Savings Account will continue so long as the employee continues to be enrolled in an HDHP. Salary contributions will continue as long as the employee is receiving pay; however, salary contributions terminate when the employee is on leave without pay and contributions resume upon returning to a paid status. During a leave of absence, the employee may change the elected annual contribution amount at any time by completing the applicable form.

If the employee does not elect to continue coverage in an HDHP during a leave of absence, participation in the HSA will also terminate.

RECOMMENCEMENT OF PARTICIPATION

An employee who terminates participation as a result of no longer being an eligible employee or experiencing a Family Status Change may resume participation in the Plan if she/he again meets eligibility requirements. A participant who resumes participation within the same plan year will be required to make salary reduction contributions sufficient to meet the annual minimum contribution required by the Plan; and, will receive no additional University contribution if the University’s annual contribution for the plan year has already been made.

TAX CONSIDERATIONS WHEN TERMINATING MID-YEAR

The IRS prorates the maximum annual contributions when participation in a HDHP plan ends during the year. Any employee terminating during the plan year and not continuing HDHP coverage, either through the COBRA or another HDHP plan, should confirm contributions to their HSA were not made in excess of the IRS prorated maximum.

Details on the calculation of the IRS prorated maximum can be found in IRS publication 969. If contributions have exceeded the IRS prorated maximum, the employee must work with the bank custodian to resolve the excess contribution. Excess contributions not withdrawn from the Health Savings Account are subject to a 6% excess tax until withdrawn. The employee should be aware of the reporting requirements for excess contributions as detailed in the instructions for IRS Form 8889.
Notice of Privacy Practices

THIS NOTICE DESCRIBES HOW MEDICAL INFORMATION ABOUT YOU MAY BE USED AND DISCLOSED AND HOW YOU CAN GET ACCESS TO THIS INFORMATION. PLEASE REVIEW IT CAREFULLY.

Effective Date: April 14, 2003
Updated: January 1, 2016

As the Plan Sponsor of employee health care plans, Indiana University is required by law to maintain the privacy and security of your individually identifiable health information. We protect the privacy of that information in accordance with federal and state privacy laws, as well as the university’s policy. We are required to give you notice of our legal duties and privacy practices, and to follow the terms of this notice currently in effect.

Who should read this Notice?

This notice applies to all employees covered under an IU-sponsored health plan, but particularly to employees enrolled in IU self-funded plans.

How The Plan May Use and Disclose Protected Health Information about Members

Protected Health Information (PHI) is health information that relates to an identified person's physical or mental health, provision of health care, or payment for provision of health care, whether past, present or future and regardless of the form or medium, that is received or created by the Plan in the course of providing benefits under these Plans.

The following categories describe different ways in which Indiana University uses and discloses health information. For each of the categories Indiana University has provided an explanation and an example of how the information is used. Not every use or disclosure in a category will be listed. However, all of the ways Indiana University is permitted to use and disclose information will fall within one of the categories.

Treatment

Health information may be reviewed to provide authorization of coverage for certain medical services or shared with providers involved in a member's treatment. For example, the Plan may obtain medical information from or give medical information to a hospital that asks the Plan for authorization of services on the member's behalf, or in conjunction with medical case management or disease management programs.

Payment

Medical information may be used and disclosed to providers so that they may bill and receive payment for a member's treatment and services. For example, a member's provider may give a medical diagnosis and procedure description on a request for payment made to the Plan's claim administrator; and the claim administrator may request clinical notes to determine if the service is covered. Similarly, a physician may submit medical information to a Business Associate for purposes of administering wellness program financial incentives. Medical information may also be shared with other covered entities for business purposes, such as determining the Plan's share of payment when a member is covered under more than one health plan.

Explanations of Payments are also mailed to the address of record for the employee, the primary insured.

Health Care Operations

Health information may be used or disclosed when information is needed to administer the Plan. For example, medical information may be reviewed by the manager of the provider network to evaluate provider performance with respect to network credentialing. Other examples of Plan administration may include activities such as quality management, administration of wellness programs and incentives, underwriting, detection and investigation of fraud, data and information system management; and coordination of health care operations between health plan Business Associates. Genetic information will not be used or disclosed for health plan underwriting purposes.

Individuals Involved in Your Care or Payment of Care

Unless otherwise specified, the plan may communicate health information in connection with the treatment, payment, and health care operations to the employee and/or any enrolled individual who is responsible for either the payment or care of an individual covered under the plan. Also, when a member authorizes another party in writing to be involved in their care or payment of care, the Plan may share health information with that party. For example, when an employee signs an authorization allowing a close friend to make medical decisions on his or her behalf, the Plan may disclose medical information to that friend.

Legal Proceedings, Government Oversight, or Disputes

Health information may be used or disclosed to an entity with health oversight responsibilities authorized by law, including HHS oversight of HIPAA compliance. For example, monitoring of government programs or compliance with civil rights laws. Health information may also be disclosed in response to a subpoena, court or administrative order, or other lawful request by someone involved in a dispute or legal proceeding.

Health – Related Services and Research

Medical information may be used to inform members about an upcoming health-related service or program to help members better manage a chronic condition. For example, a diabetes or asthma management program.

Uses and Disclosures Requiring Your Written Authorization

In all situations, other than the categories described above, we will ask for your written authorization before using or disclosing personal information about you. The Plan will not share member information for marketing purposes, including subsidized treatment communications, or the sale of member information without written permission. Members can also opt-out of fundraising communications with each solicitation. If you have given us an authorization, you may revoke it at any time, if we have not already acted on it.

Mental health information, including psychological or psychiatric treatment records, and information relating to communicable diseases are subject to special protections under Indiana law. Release of such records or information requires written authorization or an appropriate court order.
**Member Rights Regarding Protected Health Information**

**Right to Inspect and Copy**

Members have the right to inspect and obtain a copy of the Protected Health Information maintained by the Plan including medical records and billing records.

To inspect and copy PHI, members must submit in writing a request to the plan administrator. Requests to inspect and copy PHI may be denied under certain circumstances. If a member's request to inspect and copy has been denied written documentation stating the reason for the denial will be sent to the member.

**Right to Amend**

Members have the right to request an amendment to PHI if they feel the medical information is incorrect for as long as the information is maintained.

To request an amendment, members must submit requests, along with a reason that supports the request, in writing to the plan administrator. The Plan may deny a member's request for an amendment if it is not in writing or does not include a reason to support the request. Additionally, the Plan may deny a member's request to amend information that:

- Is not part of the information in which the member would be permitted to inspect or copy;
- Is not part of the information maintained by the Plan;
- Is accurate and complete.

**Right to an Accounting of Disclosures**

Members have the right to an accounting of PHI disclosures during the six years prior to the date of a request.

To request an accounting of disclosures, members must submit requests in writing to the plan administrator. Requests may not include permitted PHI disclosures made to carry out treatment, payment or health care operations included in the six categories listed above. The member's written request must include a date or range of dates and may not include any dates before the April 14, 2003, compliance date.

**Right to Request Restrictions**

Members have the right to request restrictions on certain uses and disclosures of Protected Health Information to carry out treatment, payment or health care operations. Members also have the right to request a limit on the information the Plan discloses to someone who is involved in the payment of your care; for example: a family member covered under the plan.

The Plan is not required to agree to your request. To request restrictions, members must submit requests in writing to the Plan. Requests must include the following: (1) information the member wants to limit; (2) whether the member wants to limit our use, disclosure or both; and (3) to whom the member wants the limit to apply, for example, disclosures to a spouse.

**Right to Request Confidential Communications**

Members have the right to request that the Plan communicate with them about health information in a certain way or at a certain location. For example, asking that the Plan to contact members only at work.