

Sanford Health Value Plan (HDHP+HSA) Frequently Asked Questions

This document is intended to answer frequently asked questions regarding Sanford Health's Value Plan (HDHP+HSA). Please note, some links to additional information may not work if you are off the Sanford Health network. Click the hyperlink to jump to the subject matter you'd like to learn more about.

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Deductible
Coinsurance
Copay
Out-of-pocket maximum
Health savings account (HSA)
Medical flexible spending account (FSA)
Limited purpose flexible spending account
In-network provider
Preferred participating pharmacy
Participating pharmacy

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HSA Education

How can I learn more about the Sanford Value Plan and health savings accounts?

Definitions

High-deductible health plan – A plan with a higher deductible than a traditional health insurance plan. The monthly premium is usually lower but you pay more health care costs before the plan pays. A high-deductible health plan (HDHP) can be combined with a health savings account (HSA). The Sanford Value Plan (HDHP+HSA) is a high-deductible health plan.

Deductible – The amount you owe out of pocket for covered health care services before your plan starts to pay.

Coinsurance – the percentage of charges to be paid by you for covered services, after the deductible has been satisfied.

Copay – A form of cost sharing that requires you to pay a fixed dollar amount when a medical or pharmacy service is received. The insurance carrier is responsible for the rest of the reimbursement for the medical or pharmacy service.

Out-of-pocket maximum – The total amount of your deductible plus coinsurance and copayment amounts. Your out-of-pocket maximum is the most you have to pay during a policy period. Once you reach your out-of-pocket maximum, the plan begins to pay 100 percent of the allowed amount for covered services.

Health savings account (HSA) – An HSA is a tax-free savings account, owned by the employee, into which the employee and employer both make contributions. Funds can be saved and used to pay out-of-pocket medical expenses including pharmacy, dental and vision expenses. This benefit is administered by the Sanford Health Plan.

Medical flexible spending account (FSA) – An FSA is a tax-free account into which the employee makes contributions. Funds can be used to pay out-of-pocket expenses (medical, pharmacy, dental and vision). Medical flexible spending account funds do not roll over year to year. Employees who elect the Value Plan and a health savings account are not eligible for a medical flexible spending account. This benefit is administered by Sanford Health Plan.

Limited purpose flexible spending account – A limited purpose flexible spending account is a tax-free account into which the employee makes contributions. Funds can be used to pay out-of-pocket dental and vision expenses. You must enroll in the Value Plan (HDHP+HSA) and a health savings account to elect a limited purpose flexible spending account. Employees who elect the Traditional Health Plan or the Value Plan with no health savings account are not eligible for a limited purpose flexible spending account. This benefit is administered by Sanford Health Plan.

In-network provider – Providers who are included in the health plan's contract to provide care to its members. Approved services delivered by an in-network provider count toward your annual deductible and out-of-pocket maximum. Sanford Health Plan has a network consisting of nearly 15,000 providers. A searchable list of in-network providers is available on the [Sanford Health Plan website](#). Select the Sanford Employee Group Plan from the plan network drop down menu.

Preferred Participating Pharmacy: A pharmacy that has a contract with Optum, to provide the most value to members who obtain their prescriptions there. Members pay the **lowest** copay for each tier at a **preferred** participating pharmacy.

Participating pharmacy - A pharmacy that has contracted with Optum to deliver prescription drug services to members. Members pay the **higher** copay for each tier at a participating pharmacy.

Current Sanford Health Plan members may log in to their account and search the list of pharmacies available on the [Sanford Health Plan website](#). Please select the Sanford Employee Group Plan from the plan network drop down menu.

Health Plan

What health plan options will Sanford Health offer in 2019?

Sanford Health will offer the Traditional Plan and Value Plan (HDHP+HSA) in 2019.

Are preventive services covered under the Sanford Health Traditional Plan and the Value Plan?

Yes, both plans will continue to cover preventive services at 100%. Preventive care includes an annual wellness exam (physical), immunizations, some forms of birth control, well-child office visits, and much more. For a complete listing of eligible preventive services by searching for the *health insurance* article in the [Sanford Service Portal](#) knowledge base and referring to the wellness section.

Under the Traditional Plan, do copays go towards my deductible and out of pocket maximum?

In-network office visit copays, emergency room copays and pharmacy copays do apply towards your out of pocket maximum but they do not apply towards your deductible.

Is the network of providers the same for the Traditional and Value Plan?

Yes, both plans offer the same network of providers.

Do we receive discounted rates under the Sanford Health Value Plan?

The Sanford Health Traditional Plan and Value Plan offer the same negotiated pricing for medical services and pharmacy benefits.

Are chiropractic services still covered under the Sanford Health Value Plan?

Yes, chiropractic services are covered and subject to deductible and co-insurance.

Does the Value Plan cover prescription drugs?

The Value Plan offers a \$5 co-pay for prescription drugs. Value Plan enrollees will pay a \$5 copay for eligible preventive medications, resulting in significant savings for those protecting against or managing a medical condition. See a list of medications that are eligible for the \$5 co-pay under the Value Plan by searching *benefits open enrollment - 2019* article in the [Sanford Service Portal](#) knowledge base.

You will pay 100% of your non-preventive prescription costs until your deductible is met. Therefore, it is important to continue using participating pharmacies in order to get the lowest prices for your prescription and to ensure they count towards your deductible. Refer to the [information above](#) to access the lists of “preferred participating” and “participating” pharmacies.

How will I know what my prescriptions will cost if I elect the Value Plan?

A pharmacy cost estimator tool allows you to view out-of-pocket costs for prescription drugs. This is the amount you would be responsible to pay under the Value Plan (HDHP+HSA) until you meet your annual deductible. Access the pharmacy cost estimator tool at www.sanfordhealth.org/learn-hsa.

How can I determine which health plan is the best option for me?

A plan comparison tool is available that has been customized to reflect both the Sanford Health Traditional and Value Plan which can help you determine which plan could be best for you. Access the plan comparison tool at www.sanfordhealth.org/learn-hsa.

HSA Basics

What is an HSA?

An HSA is a tax-free savings account, owned by the employee, into which the employee and employer both make contributions. Funds can be saved and used to pay out-of-pocket medical expenses including pharmacy, dental and vision expenses.

How does an HSA work?

- **Funding** – Contributions can be made pre-tax through payroll deduction or post-tax directly into your account. The amount of your contribution made through payroll can be changed as often as you want. Changes will start as soon as administratively possible following the date you make the change.
- **Accessing Funds** - You may pay for eligible expenses with HSA funds in multiple ways:
 - Pay with the debit card that is tied to your HSA.
 - Pay for the expense out-of-pocket and request reimbursement from your HSA. You will receive the reimbursement through direct deposit to your personal checking account.
 - Pay the bill directly to the provider through the member services portal which can be accessed through [mySanfordHealthPlan](#).
- **Account Management** – You can log into the member services portal to monitor your account.

What are the benefits of establishing an HSA?

There are many benefits of establishing an HSA. Some of the top benefits include:

- HSAs are considered one of the best tax-advantaged savings plans available. Contributions reduce taxable income, funds grow tax-free and distributions for qualified expenses are not taxed.
- Sanford Health will make significant contributions to health savings accounts. Read more about Sanford's contributions in the [HSA Contribution](#) section below.
- The balance can grow from year to year. Unlike a traditional flexible spending account (FSA), the HSA is not a "use it or lose it" account. The balance can continue to grow until a time you have a need to access the funds for qualified expenses.
- Contributing to an HSA is easy! Contributions can be made through payroll deduction.
- HSA funds belong to you even if you leave Sanford, change medical plans or retire. The funds are not forfeited in these instances as they would be with a flexible spending account (FSA).

How could the Sanford Health Value Plan with the HSA save me money?

Electing the Value Plan will save you money through lower premiums for your health insurance than the Traditional Health Plan. Additionally, contributions to the health savings account, which can be used to pay your deductible and other qualified out-of-pocket expenses, are not subject to taxes.

HSA Eligibility

Can anyone establish an HSA?

Per IRS regulations, you are eligible for the HSA if all of the following statements are true:

- Enrolled in a qualified high-deductible health plan (HDHP). The Value Plan is a qualified plan.
- Not covered by another health insurance plan or flexible spending account
- Not enrolled in Medicare, Tri-Care or receiving VA benefits
- Not a dependent on someone else's tax return

Can all Sanford employees contribute to an HSA?

Only employees who meet the criteria above and elect the Sanford Health Value Plan for 2019 can contribute to an HSA. If you select the Traditional Health Plan, you are not eligible for an HSA.

If I am not eligible to contribute to an HSA can I still elect the Sanford Health Value Plan?

Yes, employees may elect to enroll in the Sanford Health Value Plan with or without an HSA.

Health Savings Accounts (HSA) vs. Flexible Spending Accounts (FSA)

How is an HSA different than the FSA?

There are some key differences between these two types of accounts as described in the table below:

	Health Savings Account (HSA)	Flexible Spending Account (FSA)
Eligibility requirements	Must be enrolled in a qualifying high-deductible health plan.	No eligibility requirements.
2019 Contribution limits	Single: \$3,500 Family: \$7,000 Limits include contributions by Sanford. Catch up contribution of an additional \$1,000 is allowed for employees 55+.	2019 contributions are capped at \$2,700.
Sanford's contribution	Single: Up to \$750. Family: Up to \$1,500.	n/a
Ability to adjust contribution	You can change your HSA contribution amount as often as you want. Changes will start as soon as administratively possible following the date you make the change.	Contribution amount is set only during open enrollment or with a qualifying life event.
Rollover	Unused funds roll over to the next year.	FSA contributions must be used prior to the end of the year or they will be lost.
Tied to employer	Your HSA belongs to you and follows you if you change employers or retire.	In most cases you would lose your FSA with a job change unless you continue coverage through COBRA.
Tax advantages	Contributions are pre-tax. Growth and distributions for qualified expenses are untaxed.	Contributions are pre-tax and distributions are untaxed.
Investment option	You are eligible to invest your HSA funds if your balance exceeds \$2,000.	n/a

Can I enroll in an HSA and continue enrollment in the medical flexible spending account (FSA)?

No. However, you may enroll in a limited purpose flexible spending account for reimbursement of eligible dental and vision expenses only.

What is a limited purpose flexible spending account?

A limited flexible spending account is a tax-free account into which the employee makes contributions. Funds can be used to pay out-of-pocket dental and vision expenses. You must enroll in the Value Plan (HDHP+HSA) and a health savings account to elect a limited purpose flexible spending account. Employees who elect the Traditional Health Plan or the Value Plan with no health savings account are not eligible for a limited purpose flexible spending account.

Why can't I use a limited purpose flexible spending account to pay for medical expenses?

A limited purpose flexible spending account is a more restrictive version of a regular medical flexible spending account. Unlike a regular medical flexible spending account, the IRS allows employees to use the limited purpose flexible spending account in conjunction with an HSA.

Can I contribute to an HSA and a dependent care flexible spending account?

Yes, you can be enrolled in the dependent care flexible spending account regardless of your health insurance enrollment choices.

HSA Contributions

How much can I contribute to my HSA in 2019?

- The maximum contribution for single coverage for 2019 is \$3,500.
- The maximum contribution for family coverage for 2019 is \$7,000.

The maximum contribution amount includes any dollars contributed Sanford Health. A catch up contribution of an additional \$1,000 is allowed for employees 55 or older.

How much will Sanford Health contribute to my HSA in 2019?

Sanford Health will make matching contributions to your health savings account if you elect it for 2019.

- Employees who elect the single Value Plan will be eligible to receive up to \$750 in dollar-for-dollar matching contributions.
- Employees who elect the family Value Plan will be eligible to receive up to \$1,500 in dollar-for-dollar matching contributions.

Is Sanford's HSA contribution amount the same for full time and part time employees?

Yes, the contribution amount is based on your level of coverage (single or family) and is the same regardless of your full time or part time status.

If my spouse and I both have an HSA, what is our maximum contribution limit in 2019?

- If both spouses enroll in family coverage, they will share the family contribution limit of \$7,000.
- If both spouses elect single coverage, they will each have a single contribution limit of \$3,500.

Does my prior year's remaining balance count toward the maximum contribution limit for the year?

No. The maximum contribution limit is based on contributions made that calendar year and does not include any carry over amounts from the previous year.

What does it mean to make contributions on a pre-tax basis?

A pre-tax contribution means that the amount you deduct from your paycheck is not subject to federal and most states' income tax. This reduces your taxable income.

Are contributions to the HSA taken every pay period?

Contributions are based on 24 pay periods. HSA contributions will not be taken on the two benefit free pay dates per year.

Can I adjust the amount I contribute to my HSA throughout the year?

Yes, contributions to your HSA made through payroll can be changed as often as you want. Changes will start as soon as administratively possible following the date you make the change. [Find out how.](#)

Can I fund my HSA with money from my checking account (post-tax dollars)?

Yes, you can make contributions outside of payroll deduction through the secure member services portal, accessed through [mySanfordHealthPlan](#). You can do this on a recurring or one-time basis. Post-tax contributions made through your online account can be deducted from taxable income when you file your income taxes.

What happens if I contribute more than the annual maximum limit?

Generally, you must pay a 6% excise tax on excess contributions. You may withdraw some or all of the excess contributions and avoid paying the excise tax on the amount withdrawn if you meet the following conditions:

- You withdraw the excess contributions by the due date, including extensions, of your tax return for the year the contributions were made.
- You withdraw any income earned on the withdrawn contributions and include the earnings in "other income" on your tax return for the year you withdraw the contributions and earnings.

Eligible Expenses**What types of expenses are reimbursable with an HSA?**

Eligible expenses under an HSA are defined as: deductibles, coinsurance, dental care costs, vision care costs, prescription medications and some over-the-counter items. HSA funds can also be used to pay for COBRA, retiree health, Medicare and long-term care insurance premiums. Thousands of products and services meet the IRS-approved health care expenses requirements. Refer to [IRS publication 502](#) to view a list of eligible and non-eligible expenses.

What types of expenses are not reimbursable with an HSA?

Examples of expenses that are not HSA eligible include late fees (for late payment of medical bills), cosmetic procedures, toiletries and babysitting or childcare. Refer to [IRS publication 502](#) to view a list of eligible and non-eligible expenses.

Is emergency care a reimbursable expense with an HSA?

Yes, emergency care is treated as in-network regardless of where you receive treatment and is reimbursable through your HSA.

Can I use HSA funds to pre-pay for services at a discount?

Per IRS regulations, pre-paying for services is not an eligible expense.

Are orthodontia expenses reimbursable with an HSA?

Yes. However, you may also elect the limited purpose flexible spending account for dental, vision and orthodontia expenses in order to maximize your tax savings.

Can I use my HSA to pay for expenses incurred from an out of network provider?

Yes, incurred expenses may be eligible for reimbursement from your HSA. However, services performed by an out of network provider, without prior approval, will not apply towards your deductible, coinsurance or out of pocket maximum.

Do I have to save my receipts if I pay using my HSA debit card?

Yes, you should keep your receipts for expenses paid for or reimbursed from your HSA. In the event you are audited by the IRS, you may be required to provide documentation of medical expenses paid from your HSA. A mobile app is available that allows you to simply take a photo and upload your receipt for future claims payment. Search Sanford Health Plan flex in the app store.

Can I use a co-pay card from a pharmaceutical company to pay for prescriptions?

Some pharmaceutical companies offer copay cards to help patients afford prescriptions. You can only use a co-pay card after you have met your deductible under the Sanford Health Value Plan.

Using Your Account**I enrolled in an HSA for the first time in 2019. What do I need to do to establish my account?**

Members should log in to their account on the *mySanfordHealthPlan* member portal to accept the terms and conditions by following the instructions below.

- Navigate to www.SanfordHealthPlan.com/memberlogin.
 - Members with an existing account may log in using their username and password.
 - New members must create an account. You will need your insurance card to register.
- Click the *my benefits* tab and then *health savings account*.
- Accept the terms and conditions by clicking the *I have read and agree* button.

How can I access my HSA information, view my account balance and review transactions?

Access your account at www.SanfordHealthPlan.com/memberlogin or on the *mySanfordHealthPlan* mobile app. You may also call Sanford Health Plan flexible spending department at 877-737-7730 for help. Sanford Health human resources does not have access to view account information.

Will I receive account statements?

Yes, statements will be generated around the first of the month. Members will receive an email when a statement is available. Statements will not be mailed to your home.

When will I receive my HSA debit card and how many will I get?

New Sanford Health Plan members will receive HSA debit cards in the mail. Please follow the steps included in the mailer to activate your cards. If you were a previous Sanford Health plan member and your current debit card has not yet expired, you may continue to use that card. You will not receive a new card until your existing card nears expiration. You will receive two cards if enrolled in family coverage. Each additional set of cards will be \$5.

I have an HSA and a limited purpose flexible spending account. Will I need two separate cards?

No, members who have **both** an HSA and a limited purpose flexible spending account (FSA) will use one debit card to access funds in both accounts. Vision and dental claims paid with the debit card will automatically be processed using the limited purpose FSA funds, if available. Health claims paid with the debit card will automatically be processed using HSA funds.

When will my contributions be deposited into my account?

Contributions will be available two business days following each applicable payday.

Where can I view my HSA contribution history?

You can view this information on the deduction summary on your paystub or in the member portal under “account activity”.

When can I begin using funds in my HSA?

You may begin using the funds in your HSA as soon as they are available. Funds should be used on expenses incurred on or after the date of opening the HSA.

How do I make changes to my HSA contribution amount?

Yes. You can change your HSA contribution amount anytime by following the instructions below. Changes will start as soon as administratively possible following the date you make the change.

From work:

- Navigate to the [Sanford Service Portal](#) on Inside Sanford.
- Search *how to change your HSA contribution* in the knowledge base and follow the instructions in the article.

From home:

- Navigate to www.sanfordhealth.org.
- Scroll to the bottom of the page and click *employee login*.
- Log in using your Sanford Health username and password and by completing the additional authentication step.
- Click the *health savings account* link and follow the prompts on the screen.

Can I make changes to my limited purpose flexible spending contribution amount?

No. Changes are not allowed to your Limited FSA unless you experience a qualifying event.

How do I pay for qualified medical expenses with my HSA?

You may pay for eligible expenses with HSA funds in multiple ways:

- Pay with the debit card that is tied to your HSA.
- Pay for the expense out-of-pocket and request reimbursement from your HSA. You will receive the reimbursement through direct deposit to your personal checking account.
- Pay the bill directly to your provider through the secure portal, accessed through [mySanfordHealthPlan](#).

Can I use my HSA to make a partial payment if I don't have enough in my account to pay a bill in full?

Yes. You may pay the bill out-of-pocket and request reimbursement from your HSA as funds become available.

How long do I have to use my HSA for eligible expenses?

You can use your HSA to pay for eligible expenses incurred any time after you opened your HSA. There is no time limit between when you incur the qualified expenses and when you can be reimbursed. You should always save your itemized receipts and other paperwork to verify eligible expenses when you withdraw funds.

Can I withdraw money from my HSA for other purposes?

Yes, you can withdraw money from your HSA at any time for any purpose. If HSA funds are used for an ineligible expense (whether medical or non-medical), you will have to pay income tax on the amount and, for individuals who are not disabled or over age 65, also a 20% tax penalty. If you are 65 or older at the time of withdrawal, you are free to withdraw money from your HSA for any purpose. You will have to pay the applicable income tax but there will be no additional tax penalty.

Can I use my HSA to pay for expenses incurred by my dependent child?

You may cover your dependent child on the Value Plan through the last day of the month in which they turn 26. However, you may only submit qualified expenses for reimbursement from your HSA if they are a dependent that you claim on your tax return and they must be under 19 or under 24 if a full-time student.

Can I use my HSA to pay my spouse or dependent child's expenses if not covered under my health plan?

Yes, your HSA funds may be used to pay for your qualified expenses as well as those of your spouse and other tax dependents who are under the age of 19 (or 24 if a full-time student). This is true, even if they are not covered under your health, dental or vision plans.

Can I use my HSA debit card when traveling overseas?

Your card can be used anywhere that Visa is accepted as long as the vendor has special technology called an Inventory Information Approval System (IIAS). If the overseas vendor does not have this system, the transaction could be declined.

Account Maintenance**Is there a monthly fee to maintain my HSA?**

Yes, but the monthly fee is paid by Sanford Health. If you leave employment a monthly maintenance fee of \$5.00 may apply.

Can I borrow money from my HSA?

No, you cannot take out a loan against your HSA.

What happens to the money in my HSA if I no longer have HDHP coverage?

If you no longer have coverage under a qualifying high-deductible health plan you can no longer make contributions to your HSA, but you can continue to use the funds for expenses. The funds in your account remain there until they are used. There is no time limit on using the funds. Any funds in your account can be used to pay for qualified expenses tax-free.

What happens if I terminate employment with Sanford or retire during the plan year?

You own your HSA which means you retain the account if you terminate employment with Sanford.

What happens to the money in my HSA after I turn 65?

You can continue to use your account tax-free for eligible health expenses. When you enroll in Medicare, you can use your account to pay Medicare premiums, deductibles, co-pays, and coinsurance under any part of Medicare but you will no longer be able to contribute to your HSA. You cannot use your account to purchase a Medicare supplemental insurance or "Medigap" policy.

What happens to the money in my HSA if I die?

If your spouse is the designated beneficiary, it will be treated as your spouse's HSA after your death. If your spouse is not the designated beneficiary, the account stops being an HSA and the fair market value of the HSA becomes taxable to the beneficiary in the year in which you die. If you do not designate a beneficiary the HSA will be awarded to your estate and the value is included on your final income tax return.

If I am married, do I have to designate my spouse as primary beneficiary?

If married, living in a community state (AL, AZ, CA, ID, LA, NC, NM, TX, WA or WI) and want to designate a primary beneficiary other than your spouse, your spouse must agree in writing to your designation. If married and living in a non-community state, you may designate anyone as your primary beneficiary without written consent from your spouse.

Investment & Rollover**Can I use an HSA to save for retirement?**

Yes, health savings accounts are a popular long-term investment tool. You may choose to pay for current medical expenses with personal funds instead of the money in your HSA so you can grow the account for future use, even into retirement.

What investment options will I have with my HSA?

HSA funds may be invested for long-term growth. If your balance is less than \$2,000 it will be held in an interest bearing FDIC insured account. If your balance is more than \$2,000 you will be able to invest in a variety of mutual funds. Additional investment information is available in the [Sanford Service Portal](#) by searching *health savings account* (HSA) in the knowledge base and referring to the related documentation section.

Do I have to pay taxes on interest earned from my investment?

No. All interest earned on your HSA and investment account within your HSA is tax-free provided it is used for qualified expenses. Any balances from investments sold are automatically moved into your HSA cash balance.

How much can I rollover into the HSA from my IRA?

You can make a tax-free rollover from a traditional IRA or ROTH IRA to an HSA only once in your lifetime, and you must qualify to make new HSA contributions that year. The amount of the rollover is limited to the annual HSA contribution limit minus any money you've already contributed and/or Sanford contributed for the year. Sanford Health Plan can assist with this process.

Can I transfer funds from an HSA I had with a previous employer into my HSA through Sanford?

Yes, you may transfer prior HSA funds into this HSA. The amount that you transfer does not count toward your annual HSA contribution limit. Contact Sanford Health Plan for information on initiating a transfer.

Can I transfer funds from an HSA that my spouse has into my HSA through Sanford?

No, you may not transfer HSA funds that belong to someone else into your HSA.

HSA Education

How can I learn more about the Sanford Value Plan and health savings accounts?

Be sure to take advantage of the many tools and resources available to you in the [Sanford Service Portal](#) by searching the following topics:

- *Benefits open enrollment 2019*
- *Health insurance*
- *Health savings accounts (HSA)*

Additional tools are available at www.sanfordhealth.org/learn-hsa. These resources include:

- A health plan comparison tool and case studies.
- A pharmacy cost estimator.
- Qualified expense document.