Choice Saver HSA FAQ

What is the Choice Saver HSA?

The Choice Saver HSA is a high deductible health insurance plan that meets specific criteria set by the Internal Revenue Service (IRS) allowing the medical plan to be coupled with a Health Savings Account (HSA). The plan has a higher deductible (the amount of medical expenses you pay each year before the plan begins to pay) than the Choice Saver PPO. While the deductible is higher with this plan, the employee contributions (the amount you pay each pay period for the coverage) are lower than the Choice Plus PPO.

What is a health savings account or HSA?

An HSA is an IRS-approved tax-exempt account that lets people put money aside, tax-free, to save and pay for qualified health care expenses. You do not pay federal income tax on the money you contribute into it or the money you use for qualified medical expenses. Most state tax laws align with federal laws in regards to HSAs, with some exceptions. As of the end of the 2017 tax year, the following states had HSA tax laws that differed with the federal HSA tax laws: Alabama, California and New Jersey.

What are the requirements for opening an HSA?

To contribute money into an HSA, you must be enrolled in a qualified high deductible health plan. The Choice Saver HSA meets the IRS requirements for high deductible health plans. **You are eligible if:**

- ✔ You are covered under an eligible high deductible health plan (HDHP);
- ✔ You are not covered by other health coverage, unless it is permissible coverage;
- ✔ You are not enrolled in Medicare; and/or,
- ✔ You cannot be claimed as a dependent on someone else's tax return.
- ✔ Some other restrictions apply. Please talk to a tax, benefits or financial advisor if you have questions.

What are the tax advantages of an HSA?

An HSA has a unique, triple tax advantage:

1. Contributions are deductible from gross income pre-tax;
2. Interest and/or earnings accrue tax-deferred; and,
3. Withdrawals are tax-free for qualified expenses.

Are the Choice Saver HSA and the Health Savings Account the same thing?

The Choice Saver HSA and the Health Savings Account are actually separate components. The Choice Saver HSA is a high deductible health insurance plan (HDHP). By electing the Choice Saver HSA plan, you are able to enroll in the Health Savings Account (HSA).

Does the Choice Saver HSA have an approved network of providers?

The Choice Saver HSA uses the same preferred provider network through Blue Cross Blue Shield as the Choice Plus PPO. You will experience greater savings and receive higher benefits under the Choice Saver HSA when you use in-network providers.

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What is the deductible for the Choice Saver HSA?

Under the Choice Saver HSA, the deductible is the amount you have to pay for covered health care services before the health plan starts to pay. For 2021, the deductible is $2,000 for an individual / $4,000 for a family. The individual deductible applies to the employee only coverage tier, while the family deductible applies to the employee plus children, employee plus spouse and employee plus family coverage tiers.

Why does the plan have a high deductible?

The IRS requires that you be enrolled in a qualified high deductible health plan (HDHP) in order to open and contribute money to an HSA.

Do I really have to pay the full cost of covered health care services before I meet the deductible?

Yes, you will pay 100% of all covered health care services until you reach your deductible. You can use an HSA to help pay or you can save the HSA dollars to use later. Using in-network providers will also help lower your cost.

If I have dependents (one or more) covered on the Choice Saver HSA, do we need to meet the full family deductible before payment by the plan begins?

The plan will only begin paying once the entire family deductible has been met. After the combined claims meet the family deductible, the family will be covered by coinsurance. The family deductible applies to employee plus children, employee plus spouse, and employee plus family coverage tiers.

Example (chart below):
The Smith family is enrolled in the Choice Saver HSA with a family deductible of $4,000.
The plan year runs from 1/1/2021–12/31/2021.

Person	Claim Date	Claims Incurred	Amount Toward Family Deductible	Amount Coinsurance Applies To
Dad	3/2/2021	$250	$250	$0
Mom	4/16/2021	$3,000	$3,000	$0
Son	6/2/2021	$1,000	$750	$250
Daughter	8/6/2021	$500	$0	$500
TOTAL		**$4,750**	**$4,000**	**$750**

What is coinsurance?

After you've met the plan deductible, you only pay a percentage of the cost for each covered service, called coinsurance (plan pays 80% and you pay 20%).

Do I have to pay for preventive medical services from my HSA?

Preventive medical services, such as routine physical exams, age-based diagnostic screenings and immunizations, are covered at 100% under the Choice Saver HSA when you receive care from in-network providers. You will not pay out-of-pocket for covered preventive care services.

What is an out-of-pocket limit?

The out-of-pocket limit is the most you have to pay for covered services in a plan year. If your deductible and coinsurance payments reach the out-of-pocket limit, $4,000 individual / $7,000 family (inclusive of deductible), the plan will pay 100% of covered services for the rest of the year. When electing family coverage (employee plus children, employee plus spouse and employee plus family coverage tiers), the entire family out-of-pocket must be met before the plan pays 100%.

Choice Saver HSA FAQ (continued)

Does the Choice Saver HSA Plan cover prescriptions?

Prescription drug coverage is included in the Choice Saver HSA plan. The deductible and coinsurance will apply to these benefits. You will pay 100% of prescription drug costs until you meet the deductible. After meeting the deductible, you will pay 20% of the costs for generic, preferred brand name, and non-preferred brand name when using an in-network provider, until you meet the out-of-pocket maximum.

Can I see any doctor I want? Why should I use network providers?

You can see any doctor you want; however, in-network providers have negotiated pricing and terms with the plan administrator. Benefits are typically paid at a higher level for in-network providers (saving you money) than if you use out-of-network providers.

Do I need to choose a primary care provider and get a referral to see a specialist?

You have the freedom to use any doctor or hospital without being required to choose a primary care physician (PCP) or get referrals.

Are emergency room and urgent care services covered?

Coverage for emergency room and urgent care services is included in the Choice Saver HSA.

How does the HSA work with the Choice Saver HSA plan?

HSA dollars can reimburse qualified medical, prescription, dental and vision expenses incurred on or after the date the HSA is funded (either by employee, company, or another source). The HSA can be used for expenses incurred before you meet the annual deductible and for your portion of the coinsurance once you meet the annual deductible. HSA dollars can be used for expenses not related to health services, although it comes with a tax penalty in some cases.

What is a qualified medical expense?

According to the IRS, a qualified medical expense is a health care service or item that would qualify for a tax deduction. This means you can use an HSA to pay for these expenses without paying taxes on them. For more information, please see IRS *Publication 969*, available at **www.irs.gov**, which is specific to the HSA and other tax-advantaged accounts.

Is there a limit on how much I can put into my HSA each year?

The IRS limits how much you (and others) can put into an HSA each year. Your maximum annual contribution limit depends on several factors, including when you enroll in the HSA eligible health plan, whether you have individual or family health care coverage and your age.

The 2021 limits are:

- **$3,600 for individual coverage** (employee only coverage tier).
- **$7,200 for family coverage** (employee plus children, employee plus spouse, employee plus family coverage tiers).
- **If you are 55 or older, you can contribute an extra $1,000 during the year.** This is called a catch-up contribution. Any contributions above these limits are subject to income taxes and potential penalty.

IRS rules state that contribution limits must generally be prorated by the number of months you are eligible to contribute to an HSA. Your eligibility is based on your coverage status on the first day of the month.

Do I have to pay federal taxes on the money I contribute into an HSA?

When you contribute money into an HSA, you won't have to pay federal income tax on:

- Contributions you or others make into your HSA;
- Money you spend from your HSA on qualified expenses; or,
- Interest earned from the HSA (New Hampshire and Tennessee tax interest and dividends only when a certain dollar amount is reached from these income sources.).

Who will administer the HSA for Genesis Energy?

Fidelity Investments will administer the HSA for the Genesis Energy Choice Saver HSA plan. If you already have an account for your 401(k), you will use the same login information to access your HSA account.

Choice Saver HSA FAQ (continued)

How do I pay with an HSA?

There are multiple ways to use your HSA for payment or reimbursement of qualified medical expenses, including: Fidelity HSA debit card: The Fidelity HSA debit card, issued through PNC Bank, Delaware, can be used to pay for known qualified medical expenses at the point of sale (such as pharmacy prescriptions). Many providers will also accept your Fidelity HSA debit card for payment of an invoice you received in the mail. For convenience, you can request debit cards for your spouse and eligible dependents, too.

HealthExpense: Simplify how you manage your HSA-eligible health plan and Fidelity Health Savings Account (HSA) by handling your expenses, payments, claims, and receipts all in one place, on any device—smartphone, tablet, or computer. With HealthExpense, you can:

- Track your deductible, HSA balance, and health expenses.
- Upload receipts from your mobile device and manage them from a single location.
- Link your insurance carrier and claims automatically appear.
- Pay bills with a single click.

Fidelity BillPay® for Health Savings Accounts: This online bill paying service enables you to quickly and easily make payments to health care providers, companies, and individuals. You can also set up an automatic payment schedule, reimburse yourself for out-of-pocket qualified medical expenses, and keep track of all payments and activity.

Fidelity HSA checkbook: Your Fidelity HSA checkbook can be used to pay for qualified medical expenses at the point of sale or to make a payment for an invoice you received in the mail. You can even write yourself a check to be reimbursed for qualified medical expenses.

Pay out-of-pocket: To take advantage of the long-term growth potential of your HSA, you may want to choose to pay for a qualified medical expense out-of-pocket rather than use the funds in your HSA. If you do pay out-of-pocket, you have the option to reimburse yourself from your HSA at any time without penalty.

Am I required to track the expenditures made from my HSA?

You must maintain a record of the expenses sufficient to demonstrate to the IRS that the distributions were for qualified medical expenses. If you were to be selected for a tax audit, a review of your HSA spending would likely be a part of that audit.

Can I invest my HSA?

When you open your Fidelity HSA, a brokerage account, your contributions will initially be invested in core positions through which all your HSA contributions are made and from which all distributions are taken. You can choose to change from the core positions to invest in a wide variety of investment options depending on your investment objective, time horizon, and risk tolerance—including more than 10,000 mutual funds, individual stocks and bonds, Treasuries, and CDs.

Are any administrative fees charged to my HSA?

As an employee, Genesis Energy will pay the annual account maintenance fees on your HSA account. If you leave the company and choose to maintain the HSA account at Fidelity, you will be responsible for the fees.

Does the HSA allow for plan sponsor or employer contributions?

Anyone can contribute dollars to your HSA account. Genesis Energy will contribute $500 for an individual or $1,000 for a family for plan year 2021. The individual contribution applies to the employee only coverage tier, while the family contribution applies to the employee plus children, employee plus spouse and employee plus family coverage tiers.

When will the employer contribution go into my HSA account?

The employer contribution will be made at the beginning of the plan year provided that you have opened an HSA account through Fidelity. Employees who enroll in the Choice Saver HSA will be provided communication on how to open an account and receive the employer contribution. Contributions for new hires and life events will be prorated.

Choice Saver HSA FAQ (continued)

I want my HSA dollars to go as far as possible. How can I find out how much a treatment or procedure is going to cost?

After you enroll, you will have tools on Blue Access for Members (**www.bcbstx.com**) that can help you estimate the cost of treatments and other procedures based on your health plan, a specific doctor or hospital, and your zip code. You can also call Blue Cross and Blue Shield of Texas at 800-521-2227 and speak with a customer service representative.

What happens to the unused portion of my HSA after the plan year?

At the end of the plan year, unused HSA funds are rolled over to your HSA for the next plan year.

Is there a limit to how much money can accumulate when unused HSA funds are rolled over?

There is no accumulation limit or HSA rollover limit.

If I am no longer in a qualified HDHP, what happens to my HSA?

If you are no longer enrolled in a qualified HDHP, you are not eligible to make or receive additional contributions to your HSA. However, your HSA balance will remain available for you to use until it is exhausted. This applies to the following scenarios, and more:

- Termination from Genesis Energy or plan sponsor;
- Selection of another, non-HDHP plan;
- Plan sponsor no longer offers the Choice Saver HSA or
- Retirement.

What happens if I have a family status change (a qualifying "life event") during the year?

If your coverage changes from "individual" to "family" coverage, you may receive an additional employer contribution to your HSA up to the family contribution amount, if included with the plan you selected (please see the Summary of Benefits and Coverage for specific plan information). You may also be able to increase your personal contributions, up to the IRS family limit. If your coverage changes from "family" to "individual" coverage, you will not see any change to your employer contribution. Your IRS maximum contribution limit may be lower.

What happens if I switch back to the Traditional PPO plan?

If you have been on the Choice Saver HSA and switch to the Choice Plus PPO, Genesis Energy will no longer contribute to the HSA, and you cannot contribute your own money into the HSA. However, you can still pull money out of the account to reimburse medical expenses that are not paid for by the healthcare plan. While you are on the Choice Saver HSA, Genesis Energy will pay your annual HSA fees. Once you are no longer an employee, you will be responsible for the annual fees for your HSA account.

What happens if I leave my current employer, change health plans or retire?

The money in your HSA is yours to keep. If you leave the company, change health plans or retire, you take your HSA with you. If you switch to a health plan that makes you ineligible to continue contributing money in an HSA, you may continue to use the money in your account for qualified medical expenses, but you can no longer make contributions.

Can I cover my children and other dependents under this plan?

Eligible dependents can be enrolled for coverage under Choice Saver HSA. However, you can only use your HSA on qualified expenses for your spouse or your legal tax dependents.

Can I open an HSA if I have a health care flexible spending account (FSA)?

You are allowed to enroll in a Limited Purpose FSA when also enrolled in an HSA. A Limited Purpose FSA is a special type of FSA that only allows you to spend dollars on certain types of qualified medical expenses. It behaves much like a regular (or General Purpose) FSA but specifically limits your spending to qualified dental and vision expenses for you, your spouse and your eligible tax dependents. You can use the Limited Purpose FSA dollars to pay for qualified medical expenses only after you have met the annual deductible.

If my spouse is on Medicare, can I open and contribute to an HSA?

If a spouse will be or is already covered by Medicare, you can sign up for the Choice Saver HSA and open and contribute to an HSA. You can use your HSA to help pay for your spouse's qualified expenses, such as Medicare premiums.

Choice Saver HSA FAQ (continued)

If my spouse has his or her own health plan with an HSA, can I also contribute to it?

You are allowed to have separate HSA accounts, but the IRS says the two of you together can only contribute up to the family limit of $7,100.

Can I use the HSA for my spouse or dependents if they are not covered under my plan?

You can use the HSA to pay for qualified expenses of any family member if they are your spouse or claimed as a dependent on your taxes. If a tax dependent is not covered under your plan, the expenses will not count towards your HDHP deductible, but you can use your HSA to pay for his or her expenses.

If I am covering an adult child, can I use my HSA to help pay for his or her qualified medical expenses?

Your child must be a tax dependent to use your HSA. If your child is not a tax dependent but is covered by your plan, he or she may be able to open his or her own HSA.

If I'm 65 or older and decide to retire, what happens to my HSA?

After you turn 65 or start receiving Medicare benefits, you may withdraw money from your HSA for medical and non-medical purposes without penalty. However, if you withdraw money for non-medical purposes, the distributions will be taxed. When your Medicare coverage starts, you can use your HSA to pay your Medicare premiums, deductibles and copayments.

If I retire (and leave the HDHP) but my dependents remain covered in the HDHP, what happens to any accumulated HSA fund balance?

Both you and your covered dependents (spouse and tax dependents) may use the accumulated fund balance available at the time you retire.

Why is it a problem if I am enrolled in the HDHP and have Medicare or other coverage, such as Veterans coverage or coverage through my spouse's plan?

IRS guidelines say that you cannot open and actively contribute to an HSA plan if you are covered by any other medical plan that is not an HSA-compatible health plan. This includes coverage under a spouse's plan which is not an HSA-compatible plan or coverage under a General Purpose FSA. Additionally, you may not be covered by Medicare or Veterans medical benefits.

What if I am enrolled in the HDHP and do not have other coverage but my spouse has other coverage, such as Veterans coverage or Medicare?

The employee is able to use the HSA for qualified medical expenses for their spouse (or any federally qualified tax dependent as defined by the IRS) regardless of enrollment status in the Genesis Energy Choice Saver HSA plan.

What expenses don't qualify for tax benefits?

Examples of expenses that do not qualify include cosmetic surgery, health club memberships, teeth whitening and over-the-counter medicines purchased without a prescription. If you use an HSA to pay for an expense that is not qualified, you will have to pay taxes on the expense and may also be assessed a 20% penalty.

Can the money in the HSA be used for gym memberships?

Gym memberships are currently not a qualified expense under the HSA.

Can I use HSA funds for emergency or hardship purposes?

HSA funds are not accessible for hardship purposes without tax implications and possible penalties. Non-qualified medical expenses and non-medical withdrawals from an HSA are taxable income and subject to a penalty.

Exception: This penalty does not apply if the withdrawal is made after the date a participant:

1. Attains age 65;
2. Becomes totally and permanently disabled; or,
3. Dies.