



Health Savings Account with a Limited-Purpose FSA

**Combined with a UnitedHealthcare
HSA Plan, these accounts give your
employees control over their health
care spending**



Leading the consumer-driven health revolution

To date, more than 27,000 employers and 3 million consumers have benefited from UnitedHealthcare's innovative approach to consumer-driven health care (CDH). All of our integrated CDH solutions are designed to encourage employee involvement to help them become better health care consumers, resulting in greater financial accountability, a healthier employee base and increased control over health care benefit expenses.

The UnitedHealthcare HSA solution

With UnitedHealthcare, you can combine the flexibility and savings of a high-deductible medical plan with the tax advantages of health savings account (HSA) and extensive health and wellness education tools. An increasing number of employers have opted to enhance this winning combination with a limited-purpose flexible spending account (limited-purpose FSA) funded with employees' pre-tax earnings.

Combining these two offerings may help make it easy for your employees to optimize their health care benefits by depositing pre-tax earnings into an HSA to pay for qualified out-of-pocket health care expenses. Any unused HSA funds continue to grow over time, offering employees the opportunity to manage how they use their health care savings.

Employees can opt to set aside additional pre-tax earnings in a limited-purpose FSA to pay for dental and vision expenses and allow HSA funds to continue to grow. Both accounts can be accessed using a single debit card that is designed to pay for eligible expenses from the correct account.

Full integration puts employees in control

Unlike other CDH plans, a UnitedHealthcare HSA plan features a custom-designed medical plan that can be easily combined with HSAs from Optum Bank, Member FDIC.

Optum Bank is a leading provider of HSAs and a wholly owned subsidiary of UnitedHealth Group. By choosing Optum Bank as the custodian of your employees' HSAs, your employees receive an integrated experience in all aspects of their medical and financial health care needs, medical coverage and tax-advantaged health accounts.

This translates into:

- ▶ Streamlined, combined enrollment
- ▶ A coordinated implementation process
- ▶ Integrated day-to-day administration
- ▶ Automatic claims rollover and reimbursement processes
- ▶ A multi-purse health care spending account debit card option
- ▶ Integrated online administration resources
- ▶ Coordinated issue resolution
- ▶ Suite of financial account education resources and tools
- ▶ Access to consolidated information on all UnitedHealthcare plans, accounts and services through myuhc.com[®].

The cornerstone is a flexible, high-deductible medical plan that includes 100% coverage for preventive care, cost-effective health and wellness services and access to a variety of health management tools. A combined enrollment process allows your employees to sign up for your UnitedHealthcare medical plan and open an Optum Bank HSA and limited-purpose FSA at the same time.

Advantages offered by combining an HSA with a limited-purpose FSA

Employers benefit from: Employees benefit from:

- | | |
|---|---|
| 1. Pre-tax HSA contributions | 1. Pre-tax HSA contributions |
| 2. Reduced employment tax payments | 2. Reduced employment tax payments |
| 3. Reduced health care benefit expenses | 3. Reduced health care benefit expenses |
| 4. Increased participation in CDH plan | 4. Pre-tax FSA reimbursements for vision and dental |
| 5. Integrated benefit experience | 5. Lower taxable income, which translates into lower income taxes |

How your HSA and limited-purpose FSA work together

This comprehensive CDH solution incorporates an individual tax-advantaged HSA for each employee. Employees can choose from three account options designed to meet their diverse needs and savings preferences. And, HSA deposits in Optum Bank are insured by the Federal Deposit Insurance Corporation to at least \$250,000 for each depositor.

Federal regulations restrict the type of expenses that can be reimbursed from an FSA when an HSA is offered. Unlike a traditional health care FSA, which can be used to pay for a wide range of eligible health care expenses including copayments and coinsurance, funds in a limited-purpose FSA can only be used to reimburse:

▶ **Dental care expenses** – Routine dental care and exams, extractions, crowns, fillings, dentures, dental implants, orthodontia, etc.

▶ **Vision care expenses** – Eye exams, eye glasses, contact lenses, prescription sunglasses, LASIK surgery, etc.

While both financial accounts are used to pay for out-of-pocket health care expenses, they operate quite differently. With careful planning, your employees can use their HSAs and limited-purpose FSAs to cover current out-of-pocket health care expenses and build health care savings for the future.

UnitedHealthcare also offers a flexible spending account option that your employees can use to set aside a portion of their pre-tax earning to pay for eligible dependent care expenses, such as infant and child care, after-school care and a variety of adult dependent care options.

Feature	HSA	Limited-purpose FSA
Account funding	Employer, employee and others	Pre-tax employee payroll funding through the employer
Enrollment integrated with medical plan	Yes	Yes
Contribution limits	Up to \$6,250 for families and \$3,100 for individuals in 2012 (up from \$6,150 for families and \$3,050 for individuals in 2011)	Determined by employer in keeping with IRS guidelines
Can be used to pay for all qualified medical expenses	Yes	No, reimbursements are limited to eligible dental and vision expenses
Can be used to pay for copayments and coinsurance	Yes	No
Debit card	Yes, required	Yes, optional
Multi-purse debit card	Yes, optional	Yes, optional
Online bill pay	Yes	No
Funds carryover from year to year	Yes	No, IRS "use it or lose it" rules apply
Funds availability	All funds in the account are available once they are deposited	All funds are available on the first day of the plan year
Portability	Yes, all HSA deposits belong to the employee immediately	No, all FSA assets belong to the employer and remain with the plan if the employee's employment with the company ends
Time limit on reimbursement claims	No time limit for reimbursement of qualified medical expenses	Expenses must be incurred by the end of the plan year or within a grace period set by the employer

Debit card options

Most employees find that using a debit card to pay for out-of-pocket health care expenses is an easy, convenient way to pay for qualified expenses directly from a financial health care account at the point-of-sale or service.

You can choose from three debit card options to support your company's CDH initiative and employee benefit goals.

HSA card only

All Optum Bank HSAs include an HSA Debit MasterCard.[®] Employees can use this debit card to pay for qualified medical expenses directly from their HSAs. The card also can be used at ATMs to withdraw funds.

Combined HSA and limited-purpose FSA Health Care Spending Card

Employees use a single debit card to pay for eligible expenses directly from both the health savings accounts (HSA) and limited-purpose FSA. However, this option does not include ATM access from either account.

Vision or dental expenses paid for with the card are deducted from the limited-purpose FSA automatically. Once an individual's spending account is depleted, any remaining expense may be paid from the individual's HSA. If an employee prefers not to use his or her HSA to pay for a portion of the expense, the individual should pay for the entire expense out-of-pocket, then file a claim for reimbursement for the amount remaining in the limited-purpose FSA. The employee can then decide whether or not to reimburse himself or herself for the remaining expense from the HSA.

Separate HSA and limited-purpose FSA cards

Employees receive two separate debit cards – one that is attached to the individual's HSA and one that is attached to the limited-purpose FSA. The card that draws from the HSA can be used at ATMs. The individual employee is responsible for using the correct card.

To learn more about the benefits of adding an HSA with a limited-purpose FSA to your employee benefit program, contact your UnitedHealthcare representative.



The UnitedHealthcare Health Savings Account (HSA) high deductible health plan (HDHP) is designed to comply with IRS requirements so eligible enrollees may open a Health Savings Account with a bank of their choice or through Optum Bank, Member of FDIC. "UnitedHealthcare HSA" refers generally to the UnitedHealthcare HSA product, which includes a HDHP, although at times "UnitedHealthcare HSA" may refer only and specifically to the UnitedHealthcare Health Savings Account, provided in conjunction with Optum Bank and not to the associated HDHP. This communication is not intended as legal or tax advice. Please contact a competent legal or tax professional for personal advice on eligibility, tax treatment and restrictions. Federal and state laws and regulations are subject to change.

Insurance coverage provided by or through UnitedHealthcare Insurance Company or its affiliates. Administrative services provided by UnitedHealthcare Insurance Company, United HealthCare Services, Inc. or their affiliates.