

Your Guide to BlueAccountSM HSA



An Independent Licensee of the Blue Cross and Blue Shield Association

Please keep this guide to
BlueAccountSM HSA for future reference.

The BlueAccount HSA, a product of Highmark Blue Cross Blue Shield, is made available to you by GuideStone Financial Resources. Establishing a BlueAccount HSA, as well as explanations of the available investment options within the HSA, may only be made by a representative of BNY Mellon Investment Servicing (US) Inc.



Do well. Do right.®

Does BlueAccountSM HSA make sense for you?

A Health Savings Account, or HSA, is a tax-advantaged account that's available to people whose only health care coverage is provided through a qualified high-deductible health plan like GuideStone's Health Saver plans. Since the deductible — or amount you must pay out of pocket before these plans begin to cover benefits — is high, establishing an HSA to self-fund your out-of-pocket care expenses may help you save money.

- ※ HSA contributions and earnings are tax-exempt.
- ※ HSA distributions are also tax-exempt as long as they are used for eligible medical services.
- ※ HSA balances may accumulate tax-free interest or investment earnings from year to year when used for qualified medical expenses.
- ※ HSA dollars are portable — they go where you go even if you leave your current employer.

HSAs give you greater control over your health care spending. With an HSA, you put your health care dollars into the investment vehicles of your choice. You can also choose how you use your account dollars. You can invest for ready access to your funds or you can invest for future care expenses and potential fund growth.

Why Open a BlueAccount HSA?

While other companies may offer Health Savings Accounts, integrating your HSA with your health coverage through GuideStone Financial Resources makes good sense, both financially and in terms of account and coverage convenience.

- ※ **Investment choice:** After you contribute \$500 to an FDIC-insured, interest-bearing account, your BlueAccount HSA gives you the opportunity to invest in a variety of investment options.*
- ※ **Member website convenience makes it easy:** It's quick and convenient to establish your HSA through Highmark. You open your account online through your Highmark member website and take advantage of one website to manage both your GuideStone health coverage and your Health Savings Account. You can elect to have Highmark automatically send unpaid claims to your HSA or you can submit only the claims you want — using an HSA debit card or submitting claims online or via paper. You can even choose to pay care providers directly from your account.

BlueAccount information is also easy to access. You can view both your transaction history and account balance online in one central location on the Highmark website.

* Note: Shares of mutual funds are not deposits or obligations or guaranteed or endorsed by any bank, nor are they federally insured or otherwise supported by the FDIC or any other governmental agency, and may lose value.

How BlueAccount HSA Works

Your BlueAccount HSA is easy to maintain and track. You simply log onto your Highmark member website at www.highmarkbcbs.com where you can access all of your account information.

How to Use Your BlueAccount HSA

1. You receive eligible health care services.
2. Your provider submits a claim to Highmark or the local Blue Plan, which will then submit a claim to Highmark.
3. Highmark processes the claim and determines the provider's allowable charges. Highmark also applies your payment liability towards your deductible.
4. If the deductible has not been met, no payment is made and the provider may bill you. If the deductible has been met, the claim is paid by Highmark as a program benefit claim.
5. You receive an EOB (Explanation of Benefits) statement with claim information in the mail or you can opt to automatically receive your EOBs online.
6. You have two options for payment directly to you or your provider. You can:
 - Submit each claim online.
 - Elect to have all your claims automatically submitted.

Your choice is made when the BlueAccount HSA is opened, but can be changed at anytime. You can also opt for a debit card, which allows you to pay for services at the point of sale.

Make the smart decision and open a Health Savings Account

Accumulate from year to year for future medical expenses

With the rising costs of health care and a greater need for medical care as you age, it only makes sense to prepare for your future. With an HSA, your contributions may accumulate over time, to help better prepare for future care costs. Your HSA is designed to be there when you need it — today or even after you retire.

Choices to meet your needs

Your BlueAccount HSA allows you to select investment options tailored to your needs. There is an FDIC-insured, interest-bearing account to provide ready access to your account balance, as well as a variety of investment options that offer growth potential over a longer term.

Reduced net cost to you

GuideStone's Health Saver health plans with an integrated HSA combine tax benefits with a practical way to pay for your out-of-pocket health care expenses. You have the potential to reduce taxes and your costs for health care expenses not covered under your health plan. You can use your HSA to pay for these "qualified medical expenses" with the same ease and convenience as your covered health care services.

Potential "Triple Tax Advantage"

You may be able to lower your tax bill with your HSA in three ways:

1. Cash contributions during a tax year are deductible from your federal gross income.
2. Any earnings in your HSA accumulate on a tax-deferred basis.
3. Withdrawals from your HSA for qualified medical expenses are free from federal income tax.

Simple to use — fast and automatic

It's easy to set up your HSA online, and experienced customer service representatives will be available to assist

you if you have questions about opening your account. To simplify the ongoing administration of your HSA, all contributions to your account will be made to an FDIC-insured, interest-bearing account until your balance reaches \$500. At that time, you will be able to use the online features of the HSA program to direct future deposits into other available fund options or to move funds among your chosen investment options. All requests for reimbursement of health care expenses are fulfilled from the account. You can easily transfer available balances online from your other investment options to the account if additional amounts are needed to cover your reimbursement request. It's also easy to keep track of your HSA activity — either through your regularly scheduled account statements or online, any time you want to view your most current account status.

To establish your HSA

Your BlueAccount HSA is easy to set up and offers the convenience of immediate access to information and account set-up via your member website. If you are a Highmark member, or once you become a member, simply:

- ✧ Log on to your member website at www.highmarkbcbs.com to get information on investment choices and answers to frequently asked questions.
- ✧ Once you've decided to establish an HSA, you can open your account online.
- ✧ If you do not have immediate access to the website, call our toll-free number, 1-877-245-0116, identify yourself as a GuideStone participant and ask for the GuideStone HSA Application Package.

Your application materials will include detailed information on everything you need to open your HSA. You'll be able to indicate how you want to contribute to your account. Your employer may offer automatic payroll deduction, or you may contribute to your account on your own through check payments or direct deductions.

BlueAccount HSA: How to manage your account

While the Health Saver plans used with a BlueAccount HSA are a “consumer-centered” approach to health coverage, you get your care exactly as you would with any GuideStone medical plan, meaning you show your ID card to your health care provider. You also have the same broad selection of care providers.

The only difference is in the deductible and other cost-sharing portions of your coverage. With BlueAccount HSA, you decide either to use the money in your account or pay out-of-pocket and save your account money for future care. Any unused account funds automatically roll over from year to year. And your account funds are portable — they go where you go, even if you change employers.

Online convenience and care cost tools

Your Highmark member website is your “one-stop” to easy and informed management of your health care dollars

You simply log onto www.highmarkbcbs.com to access your BlueAccount HSA. Everything you need to use your account funds, submit claims, check account balances and view deposits, transactions and care claims is online in one easy central location. You even have your own personal expense summary to track your care cost. And you can connect to tools that can help you spend your health care dollars wisely by looking up typical costs for medical services and quality measures on hospitals and care providers.

Frequently asked questions about HSAs

What is a Health Savings Account (HSA)?

A Health Savings Account (HSA) is an account that can be used to pay current medical expenses as well as to provide for future qualified medical expenses on a tax-advantaged basis. Contributions, earnings and distributions are exempt from federal income and Social Security (FICA) taxes when used to pay for qualified medical expenses. Visit www.treas.gov/offices/public-affairs/bsa for detailed information about HSAs.

Who is eligible to open an HSA?

To be eligible to open an HSA, you must be enrolled in a federally qualified high-deductible health plan like GuideStone’s Health Saver plans. You *cannot* be:

- ✳ Covered by any health plan other than a qualified high-deductible health plan (dental and vision plans are not included in this restriction);
- ✳ Enrolled in Medicare; or
- ✳ Claimed as a dependent on another individual’s tax return.

Can my employer contribute to my HSA?

Contributions to HSAs can be made by you, your employer, or both. Ask your employer if arrangements have been made for contributions to an HSA on your behalf.

What can the HSA be used for on a tax-preferred basis?

The HSA can be used for “qualified medical expenses,” as defined by the IRS in Section 213(d) of the Internal Revenue Code. Broadly speaking, these are health care expenses for the prevention and treatment of health conditions, including dental and vision expenses. They exclude services that are cosmetic in nature. In addition, you can use the HSA to pay for certain types of health insurance premiums, including: (1) qualified long-term care insurance, (2) COBRA health care continuation insurance, (3) health care coverage while receiving unemployment compensation, and (4) if you are over 65, premiums for Medicare Parts A and B, a Medicare HMO, or your share of employer-sponsored health insurance. Note that premiums for Medicare supplemental (Medigap) policies are not qualified expenses.

You cannot use the HSA to pay for services already reimbursed elsewhere, such as through your health plan. In other words, you could use it to pay for expenses attributable to your deductible or to your portion of any coinsurance, but not for amounts paid by your health plan after the deductible is met.

When does eligibility for an HSA begin and end?

You can establish an HSA on the first day of the month that you have coverage under a qualified high-deductible health plan and are otherwise an eligible individual. If you obtain a qualified high-deductible health plan after the first of the month, you are not eligible to contribute to the HSA until the first day of the following month.

You lose eligibility to establish or contribute to an HSA if you become covered by a health plan other than a qualified high-deductible health plan, become enrolled in Medicare, or become a dependent on another individual's tax return. However, losing eligibility does not mean you lose the right to use the money in your HSA. You can keep the HSA and continue to use the funds on a tax-preferred basis for qualified medical expenses. You cannot contribute to the HSA or establish another HSA unless you become an eligible individual again.

Whose responsibility is it to ensure that I am eligible for an HSA, to monitor the contribution limits, and to use the funds for qualified medical expenses?

As the taxpayer, *you* are responsible. Neither the health plan, your employer, or the HSA custodian has any obligation to verify that you are using your HSA in accordance with the law. You should consult your tax advisor to ensure that you understand HSAs and your eligibility.

How much can be contributed to an HSA?

In 2011, the maximum amount you may contribute to your HSA each calendar year is \$3,050 for an individual with high-deductible health plan coverage only for himself/herself or \$6,150 for all persons with high-deductible health plan coverage for a family. These IRS amounts will be indexed each year for inflation. These contribution maximums apply to all account holders regardless of when

during the year they become eligible. However, if you are 55 or older, you may also be able to make a “catch-up” contribution of \$1,000. Visit <http://www.treas.gov/offices/public-affairs/bsa> for additional details.

Once you are no longer an eligible individual — e.g., you lose your qualified high-deductible health plan or acquire other coverage in addition to your high-deductible health plan — you can no longer contribute to your HSA, but you can utilize the funds for eligible expenses.

Do I have to contribute the maximum?

You can contribute any amount up to the maximum. However, most HSAs include minimum requirements for initial and/or ongoing deposits.

When can contributions be made?

Contributions can be made at any time during the tax year, up to the filing limit for your federal income tax return. Contributions can be made on a periodic basis (e.g., monthly) or in one lump sum.

Can I transfer funds from any other investment to my HSA?

Your employer may allow a one-time tax-free rollover of FSA or HRA funds. Also, a one-time tax-free transfer of IRA funds to an HSA is now permitted.

Are there any restrictions on my HSA program?

Generally, the money in your account is yours to manage as you deem appropriate. Some restrictions do apply to the HSA that's available to GuideStone members through Highmark's BlueAccount:

- ※ Only specified mutual funds can be selected in your HSA. You can obtain the list of funds by logging onto the Highmark website or by calling 1-877-245-0116 to request a GuideStone HSA Application Package.
- ※ You must have at least \$500 in the FDIC-insured account before you can invest in additional investment options.
- ※ You are not required to maintain a \$500 balance in this account, but distributions can only be made from this account. If you have money in other investment options,

you are responsible for transferring funds to the account if additional amounts are needed to cover your reimbursement request.

- ※ Your HSA must have a minimum balance of \$50 for as long as you maintain it. A request for reimbursement that reduces your account balance below this amount will be reduced in order to keep the required minimum.
- ※ Deposits to your account must be at least \$25 if made outside payroll deductions.

Are there any fees for this HSA?

- ※ There is an administration fee of \$3.50 per month.
- ※ The HSA custodian or its affiliated agency may withhold and retain an amount of up to 1.25 percent (on an annualized basis) of the interest rate payable on your daily balance in the Deposit Account as compensation for maintaining the Deposit Account on behalf of HSA account owners.
- ※ The investment options within the HSA have their own expenses, as described in the prospectus. If you wish to review the prospectus, call 1-877-245-0116 and request a GuideStone HSA Application Package.

How is the HSA used to pay medical claims?

You can elect to have Highmark automatically send unpaid claims to your HSA or you can submit only the claims you want — using an HSA debit card or submitting claims online or via paper.

When you elect both a debit card and automatic payment of claims, it is important to remember:

- ※ Your debit card should **not** be used to pay your portion of medical claims or prescription drug claims that will be processed by your health plan. When a provider submits a claim to your health plan, the portion of the claim you are responsible for will be automatically deducted from your HSA and remitted to you or your provider.
- ※ The debit card should be reserved for eligible medical expenses that **do not** require a claim through Highmark. For example, some vision and dental care expenses are

eligible HSA expenses but are not benefits covered under your medical plan. You can use the debit card to pay these expenses without risking duplicate distributions from your HSA.

BlueAccount HSA advantages:

- ※ You enjoy potential “triple tax advantage”. Account contributions, earnings and qualified distributions are all tax-exempt if used for qualified medical expenses.
- ※ You control your benefits spending.
- ※ You have a wide selection of mutual fund offerings.
- ※ Convenient online account tracking and claims submission.
- ※ You may opt for automatic claims submission for ultimate convenience.

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