

Health Savings Account
Small Group Implementation Guide



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Optum Bank Overview

Thank you for choosing Optum Bank, Member FDIC, as your Health Savings Account (HSA) administrator. Optum Bank has over 1,000,000 HSA accounts. This guide is intended to help you set up your HSA and help ensure a smooth transition to—and high enrollment in your HSA-qualifying health plan. We have also included links to additional resources to help you and your employees get the best possible value from your plan.

We offer the highest level of service to all our clients, from small employer groups to Fortune 500 companies. We partner with most medical insurance carriers and if your health plan needs change, you can **retain Optum Bank as the HSA administrator**.

If you have any questions or comments, please contact our Broker Employer Service Team (BEST) by phone at 1-866-234-8913, option 4, Monday through Friday, 8:00 a.m. to 8:00 p.m. Eastern time. You can also email us at HSAGroup@OptumBank.com. We will respond to your email within 48 hours.

Enrollment Options:

Optum Bank offers three enrollment options, one that is employer facilitated and two that are employee initiated. Review each method and select the method that makes the most sense for you and your employees.

Enrollment Method	Description	Employer size
1) Employer Portal	Employer facilitated enrollment through a portal.	Most popular with small and mid-size employers
2) Online Enrollment	Employee initiated enrollment. Employers should provide employees with enrollment link and employer group number.	Most popular with small and mid-size employers
3) Paper Application	Employee initiated enrollment. Employer should provide employees with applications.	Typically only used when no electronic access is available to employees.

Method 1

Employer Portal:

At OptumHealthFinancial.com, benefit managers and administrators can manage the HSA enrollment process online. This method is used commonly by mid-size and small employers. The portal allows the benefit manager to view active accounts tied to their group, enroll individuals and submit funds for active accounts.

The employer or third party enrollment vendor becomes a service provider for Optum Bank. Service providers must sign an agreement with Optum Bank in which they agree to:

- 1) Obtain employees acceptance of an **Authorized Agent Agreement**
- 2) Fulfill all requirements for **Electronic Signature** compliance.
- 3) Maintain safeguards to protect the confidentiality of employee data.

Boost participation in the HSA:

Motivate your employees to open an HSA and deposit health care dollars

During the enrollment period, your employees are more likely to focus on understanding changes and making benefit decisions, not on how to access and use their health care services and benefits when they need them. As you guide your employees through the process, keep reminding them of the benefits of opening and funding an account and the importance of saving enough money in their HSA to cover their health plan deductible and co-insurance.

Offer payroll contributions with tax advantages

Employers that do not allow payroll deductions typically only see 10–15% of employees contribute to their HSA, leaving account balances far short of deductibles. Allowing your employees to make contributions through pre-tax payroll deductions is an effortless way to increase HSA contributions. Pre-tax payroll contributions also provide immediate federal income, and in some instances, state income and FICA tax savings to your employees while reducing your payroll tax burden.*

*Most states do not tax HSA contributions, with the exceptions of California, Alabama and New Jersey where HSA contributions are taxed. This information is subject to change. Please consult your tax/financial professional or consult your state department of revenue for more information.

Important Note: Optum Bank can advise on general HSA rules and the daily logistics for your accounts however you are encouraged to contact a tax advisor for questions related to your specific situation. Optum Bank cannot provide tax advice.

Employer Requirements:

During the enrollment process, you must:

- 1) **Display/Distribute the Authorized Agent Agreement to employees**
- 2) **Capture the employee's affirmation to the Authorized Agent Agreement in accordance with the Signature Requirements**
- 3) **Agree to Terms and Conditions prior to each enrollment session**

Employee Requirements:

Your employees must:

- 1) **Affirm to open an HSA with Optum Bank by reviewing and agreeing to the Optum Bank Authorized Agent Agreement**

How to enroll your employees through the employer portal:

You will receive an email invitation to register on OptumHealthFinancial.com. After completing the registration, you can enroll employees online. For information on how to register for this tool, please see the **Employer Portal Registration Guide**.

Once logged into the website, you can begin to enroll individuals by selecting the 'Enroll a Participant' link under the 'Participant' tab.

The following information is required for each individual opening an account.

Demographic information	Health Plan Information
<ul style="list-style-type: none">• Full Name• Home street address (cannot be a P.O. box)• Social Security Number• Date of Birth• Email	<ul style="list-style-type: none">• High Deductible Health Plan (HDHP) Effective Date

After entering the information in the corresponding prompts, a review screen will appear asking you to continue or enter additional enrollments. Once all applications have been entered, you will be prompted to review and accept the Terms and Conditions for HSA Enrollments.

Method 2

Online Enrollment:

Online enrollment requires no paperwork and takes just moments for your employees to complete. During your annual benefits enrollment period, direct your employees to www.OptumBank.com and then ask them to follow the directions to open an account. Be sure to provide the link to all new hires throughout the year.

This method is most popular with small and mid-size employers.

During the application process, account holders can request to receive their welcome kit electronically. They can also request e-delivery of tax forms, annual privacy policy mailing and other communications from Optum Bank (Note: statements are already delivered online unless owners have requested they be mailed).

Employee Requirements:

In order to open an account, the employee will be required to complete the online application, agree to accept Optum Bank's terms and conditions and provide an electronic signature (Signature).

Important Note: Employees will need to know what Employer/Group Number to use during the account opening process. Please be sure to provide your HSA Employer/Group Number to your employees prior to having them enroll. This is a very important step to ensure Optum Bank can properly associate account holders to your employer group and ensure accurate HSA reporting. If you are not aware of your HSA Employer/Group Number, please contact our Broker Employer Service Team at 1-866-234-8913, option 4 or email us at HSAGroup@OptumBank.com.

For answers to common employer questions around the HSA Enrollment and Contribution Agreement, view the [Custodial Services Q&A](#).

Method 3

Paper Enrollment – HSA Application:

You may also choose to have your employees complete and submit an Optum Bank paper application.

Enrollment materials can be obtained through your client services representative or from your sales representative. The Optum Bank paper application is completed and sent directly to Optum Bank for processing. The two page application is processed and keyed within 3 business days of receipt.

Employer Requirements:

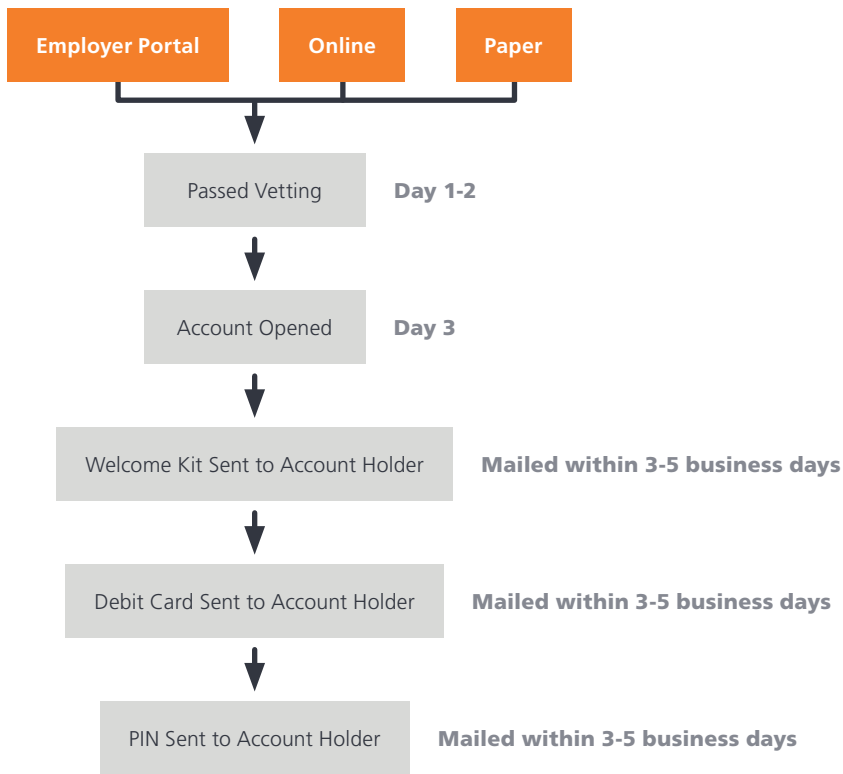
- 1) Provide paper enrollment materials to employees.
- 2) Collect completed two page HSA applications and send to Optum Bank in bulk for processing.

Employee Requirements:

- 1) Complete and sign two page HSA application and
 - Provide completed application to employer, or
 - Mail or fax completed application to Optum Bank for processing.

Important Note: Employees will need to know what Employer/Group Number to use during the enrollment process. Please be sure to provide your HSA Employer/Group Number to your employees prior to having them enroll. This is a very important step to ensure accurate HSA reporting. If you are not aware of your HSA Employer/Group Number please contact our Broker Employer Service Team at 1-866-234-8913, option 4 or email us at HSAGroup@OptumBank.com.

Account Opening Process:



When an individual applies to open an account, federal law requires financial institutions to obtain, verify and record information that identifies that person. The screening procedures, also known as “vetting” or “know your customer” include:

- 1) An identification check that the applicant is who they claim to be, and
- 2) Validation that the applicant is not on any lists of known or suspected terrorists

If an application does not pass the screening process due to a mismatched name, address, date of birth or social security number, the account holder will receive a **failed vetting letter** and/or an email from Optum Bank requesting additional information. If the applicant does not respond to the initial request, a reminder is sent at 45 days. Once the individual passes the vetting process, the account is opened. A welcome kit, debit card and PIN will be mailed separately.

Please note: Applications that fail vetting are cancelled after 75 days and applicants will need to re-apply, if they wish to open an account.

Account Number File

Optum Bank will send you an **Account Number File (ANF)** to help coordinate HSA contributions. The ANF provides you with detailed information for your group, including the names of your employees with HSAs, account numbers, and the current status of each employee’s account. Review the ANF frequently to ensure only active employees are included in your employer group.

Welcome kit contents:

- **Welcome Letter** – Provides account number, URL for online self-service and customer service toll-free number and hours.
- **FAQs** – An account holder may use this sheet to find the answers to questions they may have about their HSA and to determine which expenses are eligible or ineligible.
- **Contribution Form** – An account holder may use this sheet to make a contribution to the HSA.
- **Fee Schedule** – Documents fees and charges associated with the HSA.
- **Truth in Savings/Funds Availability Disclosure** – Details the bank’s tiered interest rate structure, annual percentage yields and availability of funds.
- **Custodial and Deposit Agreement** – Describes the terms and conditions between the account holder and the account custodian, Optum Bank.
- **Privacy Policy** – Outlines Optum Bank’s privacy policy and information sharing practices.

HSA Establishment Date

Employees should be aware of their HSA establishment date. Generally, this date is the later of the plan effective date or the date the HSA becomes active. Expenses incurred prior to the establishment date are not qualified medical expenses. Account holders should review IRS Publication 969 for more information, and consult their tax advisors if they have specific questions about how about how Utah’s favorable HSA law can help maximize their tax savings.

Account Number File Specifications

Status Codes:

- A (Active accounts): Employee's account has been opened.
- C (Closed accounts): Employee's account has been closed.
- P (Pending): Initial enrollment information has been received but it was not sufficient to open their account. Additional information has been requested from the applicant.

The ANF is delivered via secure email as often as you want. You can choose from the options below:

- Daily – Sent each business day of the week
- Semi-Weekly – Sent Sundays and Wednesdays
- Weekly – Sent Sundays
- Monthly – Sent the first business day of the month

Important Note: The ANF does not reflect incomplete enrollments such as records received with a P.O. Box (rather than a physical address) or enrollments missing required information. This report only reflects records that have been through the vetting process. We can only send complete enrollments through vetting.

Employer Best Practices

Ensure your employee's enrollment in an HSA goes as smoothly as possible with these best practices:

Street addresses (cannot be a P.O. Box)

Request an updated mailing address from your employees prior to entering enrollment.

The USA Patriot Act mandates that all banks verify certain information about an individual before an account can be opened. As a result, each individual who enrolls in an HSA must be vetted through a customer identification process. To ensure a successful vetting process, the employee's address must be a street address and not a P.O. Box. A P.O. Box as the primary address or an incorrect physical address can also delay the vetting process, which will cause delays in opening the account, and the receipt of welcome kits and debit cards.

Email addresses

Make sure to provide Optum Bank with your employee's email address.

Employees who provide their email address will automatically subscribe to Health Savings News, a bi-monthly e-newsletter that provides tips on saving and paying for health care with an HSA.

Communicate to employees when they should receive their Optum Bank Welcome Kit.

Many times, employers have a brief processing period after employees make their benefit selections and before information is sent to Optum Bank and their accounts become active. To avoid confusion, make sure employees know that once they receive their welcome kits, they can call Optum Bank with questions about their account.

Provide Optum Bank with your employees phone number.

Our fraud department uses an account holder's phone number to validate a charge against their debit card. Providing an updated phone number allows for a quick response to possible fraudulent charges or other account issues. Optum Bank does not call HSA customers to sell other products or services.

Initial Contributions: Communicate to your employees the dates that you will be submitting the initial funding for their accounts to Optum Bank.

Account holders frequently call Optum Bank, rather than their benefit or payroll department, inquiring about the initial payroll or employer contribution to the account. Since funding dates are at the discretion of the employer, this is not information Optum Bank can provide. Communicating the anticipated date for this first deposit will reduce unnecessary confusion with account holders.

Contribution Methods

Optum Bank can accept funds as soon as the employee's application is approved by Optum Bank and the account is opened. Optum Bank offers employers three options for making employer and employee HSA contributions.

These options are listed on the following page:

- 1) Employer Portal – pulls contributions from the employer's account
- 2) Direct Deposit / PPD ACH – A "one step" bank-to-bank contribution process.
- 3) Combined Sum ACH or Wire – A two-step contribution process consisting of a submission of a detailed contribution file followed by a lump sum ACH or Wire.

To ensure successful processing of contributions:

Include all required deposit data, including:

- 1) Deposit amount
- 2) HSA bank account number or SSN (obtained through the ANF)
- 3) Contribution Type (Employee or Employer) and
- 4) Contribution Year (Current Year or Prior Year). Prior year deposits are accepted through the annual tax deadline, typically April 15 of each year.

For more information regarding Optum Bank's contribution options, please review the [Optum Bank Contribution Guide](#).

Method Type	Description	Eligible Groups	Posting Timeframes
Employer Portal (ACH is pulled)	Most efficient posting method – we will auto-debit your corporate account for contributions submitted online. Only method that 'pulls' funds, generally no setup required with your bank.	Groups of any size are eligible for this method – recommended over all other contribution options for all groups.	Funding requests MUST be submitted and approved online by 3:30 PM EST two business days prior to the anticipated funding date.
Prearranged Payments and Deposits (PPD) ACH	Highly efficient posting method – requires only one step from the employer after initial set up.	Groups of any size are eligible for this method.	PPD funds are posted upon receipt of the funds.
Combined Sum ACH or Wire	This popular posting method requires a two-step process from the employer – first an allocation file is sent to Optum Bank indicating the contribution amounts and transaction details. The ACH or Wire is originated after validation is received from the bank.	Groups of any size are eligible for this method.	Combined sum ACH and wire funds are posted within 24 hours of receipt of funds. (A valid allocation file is required to post.)

Important note: Optum Bank processes deposits for HSAs and does not collect, record or retain the individual 'election amounts'. Optum Bank will monitor to the family maximum plus the 55 and older catch-up amount published by the IRS. The account holder is responsible to ensure that they do not over contribute based on their specific situation.

Employee Initiated Contributions

Payroll Deduction

One of the easiest ways to add funds to the HSA is through payroll deduction. Encourage your employees to sign up for payroll deduction and remind them how frequently they can change that amount. Medical expenses are a part of life. It's important your employees are prepared.

Make a Deposit Online

Account holders can electronically transfer funds into their HSA by logging into their account at OptumBank.com and clicking on "Make a Deposit" to transfer money into their account. Account holders will need to include the bank routing/transit number as well as the checking/savings account from which they are transferring funds.

Check Contributions

Employees can make a lump sum deposit by mailing in a check with a **deposit form**.

Employer Reporting

Monthly Employer Summary Report

Optum Bank provides employers with a monthly report that includes year-to-date summary data. This report shows employer contribution and disbursement transactions, as well as account statuses and average balances. This report is meant for informational purposes and should not be used for reconciliation.

The **employer summary report** is sent via e-mail to the reporting contact, primary HR contact and Account Number File (ANF) recipient listed during the initial employer set up phase. A summary report **glossary** is also available.

Account Number File (ANF)

As previously mentioned the ANF report that contains a listing of Names, Social Security Numbers, Account Numbers and an Account Status for individuals enrolled in the banking system under your group policy number. This report was built to assist employers with their payroll deductions and contributions and is sent via secure email.

Health Accounts Education Suite

Our exclusive Health Accounts Education Suite is a toolbox of ready-to-use communications and plans to help increase health account enrollment and engagement among your employees. A complete course of health accounts education is accessible at **www.openenrollment123.com**.

OpenEnrollment123.com provides employers preparing for their annual benefit enrollment with education tools, including:

- "Two-minute Answers" – a series of videos on health accounts
- Self-guided tours – brief, interactive presentations that allow employees to learn at their own pace
- Live and prerecorded webinars with experts in health accounts
- Brochures and flyers to share with your employees

If you have any questions or suggestions to improve our products or services, contact our Broker Employer Service Team (BEST) by phone at 1-866-234-8913, option 4, Monday – Friday, 8:00 a.m. to 8:00 p.m. Eastern time. You can also email us at **HSAGroup@OptumBank.com**. We will respond to your email within 48 hours.

HSA User Guide

After your employees have opened their HSAs, publish a copy of the **HSA User Guide**, which is a comprehensive “owner’s manual.” This valuable tool for new account holders covers banking, tax rules, eligibility and other key information.

Encourage your employees to visit OptumBank.com for links to forms, IRS resources and frequently asked questions.

Account Holder Statements

Monthly eStatements (Summary of Account Activity)

Monthly bank statements are delivered online unless the account holder specifically requests a printed statement. Requests for printed statements can be made by logging in to your account and changing your HSA paperless settings found in the profile section of the website or by calling the number on the back of the HSA debit card.

Account holders can get answers to their HSA questions by visiting www.OptumBank.com or by contacting customer service at the number listed on the back of their debit card.

Tax Forms

There are three tax forms associated with an HSA: IRS Form 1099-SA, IRS Form 5498-SA and IRS Form 8889.

Annual IRS Tax Form 1099-SA

This form provides account holders with the total distributions that were made from their HSA. It’s mailed to the account holder, with a copy sent to the IRS, at the end of January each year. If the account holder did not have distributions during the tax year, he/she will not receive a 1099-SA. Account holders should retain a copy for their records. They can get this information by **logging into their account** and selecting “Statements.”

Annual IRS Tax Form 5498-SA

This form informs account holders of the contributions made to their HSA in that particular tax year. It is mailed to the account holder, with a copy sent to the IRS, at the end of January each year. Account holders can make contributions to their HSA for a tax year until the tax filing deadline of the following year, typically April 15th. Customers who make a prior year contribution between January 1st and April 15th will receive a revised 5498 in May after the tax deadline has passed. They can get this information by **logging into their account** and selecting “Statements.”

IRS Form 8889

Account holders will file this form with their income taxes to report year-to-date contributions and distributions from their HSA. Account holders can obtain this information by **logging into their account** and selecting Transactions or eStatements.

Frequently Asked Implementation Questions

Who is eligible to apply for an HSA?

An eligible individual is:

- Covered by a qualified high-deductible health plan.
- Not covered by any other health plan (such as a spouse's plan) unless it is other permissible coverage (for example, vision or dental coverage).
- Not enrolled in Medicare.
- Not claimed as a dependent on another person's tax return.

How does an employee open an HSA?

Each individual must indicate their intent to open an HSA with Optum Bank. This can be done through an online enrollment with an electronic signature, paper enrollment with a wet signature or batch process with an affirmation.

Before opening an HSA for any new applicant, Optum Bank must perform certain screening procedures, referred to as "Know Your Customer".

What is the "Know Your Customer" (KYC) screening?

Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account.

Once Optum Bank receives a batch enrollment file, online application, or an HSA application, it will perform a KYC screening. This involves two steps:

- 1) Validate that the applicant is who they claim to be.
- 2) Validate that applicant is not on any lists of known or suspected terrorists.

What are some common reasons for an applicant to fail the KYC screening?

- 1) Applicant misspells/misprints name, address, social security number or date of birth.
- 2) Data entry error – applicant's name, address, social security number or date of birth.
- 3) Applicant recently moved.
- 4) Applicant recently changed their name (i.e., married).
- 5) Young individuals or others who do not have a credit history or information available through public records.

What happens when an applicant fails the KYC screening?

The applicant is put in a "Pending" status. Optum Bank sends a letter to the applicant explaining that they need additional information in order to verify their identification. The additional documents that may be requested include:

- 1) Photocopy of a valid photo identification card showing residence (driver's license, passport, state or government-issued photo ID).
- 2) Photocopy of the applicant's Social Security card.
- 3) If the applicant's photo identification card does not list their current address, they need to also send a photocopy of a utility bill with their name and current address.



This information presented in this guide is intended to provide general information and is not intended as legal, financial, or tax advice. Employers and individuals should consult their own legal, financial, and tax advisors for advice specific to their individual circumstances.

Health Savings Accounts (HSAs) are individual accounts offered by Optum BankSM, Member FDIC, and are subject to eligibility and restrictions on distributions for qualified medical expenses set forth in section 213(d) of the Internal Revenue Code. State taxes may apply. 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.

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