Health Savings Account 2023

Your Guide to Using Your NiSource HSA

Live Well, *Save Well!*

my Pay

my Retirement

my Health

my Work/Life

NiSource

Welcome to the HD PPO with HSA

Congratulations! By selecting a High Deductible Preferred Provider Organization (HD PPO) plan, you'll have high-quality coverage along with more control and flexibility over how you use your health care dollars. Plus, you get the opportunity to save for current and future health care costs in the Health Savings Account (HSA).

This guide helps you understand how to use the HD PPO with your HSA. Keep this guide and refer to it whenever you need health care. You can also use the pockets to keep important paperwork, like medical plan bills, receipts and additional communication you receive.

Your HD PPO Coverage Basics

Your NiSource High Deductible Preferred Provider Organization (HD PPO) plan provides great coverage at an affordable price. Here's a quick summary of your medical and prescription drug coverage under an HD PPO:

- You have a **deductible** to meet before the plan pays benefits for medical services or prescription drugs.
- Once you meet your deductible, co-insurance will pay 80 percent of your eligible medical expenses.
- If your costs (including your deductible and co-insurance) reach your **out-of-pocket maximum**, the plan will pay 100 percent of the cost of your in-network care for the rest of the calendar year.

2023 Coverage Snapshot

	HD PPO 1	HD PPO 2
In-Network Deductible	• $1,500 (Employee only) • $3,000 (Employee + spouse, Employee + child[ren] and Family)	• $2,500 (Employee only) • $5,000 (Employee + spouse, Employee + child[ren] and Family)
Co-Insurance	• 80% after deductible is met when using in-network providers	
HSA Contributions[1]	• NiSource contributes $1,200 annually to your HSA • You can contribute up to $2,650 individual/$6,550 family annually for 2023 (after NiSource contributions)	• NiSource contributes $700 annually to your HSA • You can contribute up to $3,150 individual/$7,050 family annually for 2023 (after NiSource contributions)
Out-of-Pocket Maximum (in-network, includes deductible)	• $3,000 (Employee only) • $6,000 (Employee + spouse, Employee + child[ren] and Family)	• $5,000 (Employee only) • $9,100 per person, not to exceed $10,000 combined family

Prescription Drug Coverage

All prescription drug costs are subject to the deductible before 80 percent co-insurance. Be sure to show your Anthem card at the point of purchase to ensure that you receive the Anthem in-network discount and that your claim counts toward your deductible. If you reach your out-of-pocket maximum, the plan will pay 100 percent of eligible prescription drug costs for the rest of the calendar year.

Since you will need to pay out of pocket for prescription drugs until you meet the deductible, be sure to research drug costs to better understand your out-of-pocket expenses.

If you enroll in an HD PPO health plan, you can save money on retail and mail-order prescriptions when you choose a generic over a brand-name drug. Generic drugs are significantly less expensive than brand-name drugs, yet they contain the same active ingredients and meet the same manufacturing standards. If you choose to use a brand-name drug when a generic equivalent is available, you will pay the difference in cost between the brand-name drug and the generic drug. This applies even if the deductible and/or out-of-pocket maximum is reached for the year.

[1] You need to be enrolled in HD PPO 1 or HD PPO 2 and open an HSA to get NiSource's contribution to your HSA.

Understanding Your HSA

Because you are enrolled in an HD PPO, you have access to a Health Savings Account (HSA), which you can use to set aside before-tax money to pay for qualified medical expenses (including your deductible or other out-of-pocket medical costs) today or in the future.

If You Are Enrolled in an HD PPO and Opened an HSA…

NiSource will also make an annual contribution by the end of January to your account—$1,200 if you enroll in HD PPO 1 or $700 if you enroll in HD PPO 2. Even if you don't make contributions, NiSource will still add this money to your HSA.

For 2023, the IRS annual contribution limit for the HSA (NiSource and your contributions combined) will be $3,850 for Employee only coverage and $7,750 for Family coverage.

If you are enrolled in HD PPO 1 or HD PPO 2 and you are age 55 or older, you can also make up to $1,000 in catch-up contributions to your HSA in 2023. You are permitted to elect catch-up contributions at the time you turn age 55, during annual enrollment or at any other time during the year. To elect catch-up contributions, visit **mysourceforhr.com** or call **1-888-640-3320**. Your catch-up contributions will be made through automatic payroll deductions.

It's up to you to decide how to use the money in your account—you can use it to cover day-to-day health care expenses or save it for future needs.

Not Sure How Much To Save?

Here's one strategy to consider—determine how much you would save on medical premiums by switching from the PPO to HD PPO 1, and put that money into your HSA. Remember, you can save up to the annual contribution limit each year, but there's no limit to how large your account can grow to over time.

HSA Quick Facts

With an HSA, you can:

- **Contribute automatically through payroll deductions**—The money that you contribute is deposited into your HSA as soon as administratively possible after each pay period.
- **Get tax advantages**—Contributing to the HSA with before-tax money reduces your taxable income, ultimately saving you money in taxes.
- **Use a Your Spending Account (YSA) debit card**—The YSA debit card provides a convenient way for you to pay for eligible medical expenses from your account.
- **Earn interest on your money**—The money in your HSA (including any NiSource contributions) earns interest each month.
- **Invest in a range of options**—If you have a sufficient balance, you can take advantage of additional investment options (mutual funds) available through the UMB HSA Saver portal. You must maintain a balance of at least $1,000 in your base HSA account.
- **Take it with you**—An HSA is portable, which means you don't lose the account or funds if you leave NiSource.

Opening Your HSA

Your HSA account is administered by Alight Solutions' Your Spending Account™ (Alight Solutions is also the administrator of NiSource's flexible spending account programs). UMB is the bank that will manage your HSA account.

You will receive a "Welcome" letter from UMB with your account number and UMB contact information. In a separate mailing, you will receive your YSA debit card along with tips on how to use it.

Already Have an HSA?

You may transfer all (or a portion) of your prior HSA balance from a previous HSA custodian to UMB. To transfer your funds, you must complete a UMB trustee-to-trustee transfer form. You can obtain a copy of this form by accessing the YSA website via **mysourceforhr.com** or by calling the Benefits Source at **1-888-640-3320**.

Follow the instructions on the form for completing and sending it to your previous HSA custodian. Please refer to the YSA website for more information and complete rules regarding the transfer of HSA funds from one custodian to another.

- Your account is not activated until funds are deposited into your account via payroll or transfer.
- Each quarter, you'll receive an account statement (at no cost to you) to help you track your account. At the end of the year, you'll receive forms for tax purposes.

HSA Debit Card

If you enrolled in an HD PPO plan (1 or 2) for 2023 and open an HSA after participating in the Health Care FSA for 2022, you should keep and continue to use your current debit card. You will not automatically receive a new debit card for the HSA.

Your HSA Beneficiary

If you open an HSA, remember to complete a beneficiary designation form. This form is available on the YSA website (which you can access via **mysourceforhr.com**). Completed forms should be returned directly to UMB.

Call **1-888-640-3320** and speak with a Your Spending Account™ representative if you have questions.

Using Your HSA

NiSource makes it easy for you to access and use your Health Savings Account (HSA). There are two ways you can use your HSA balance to pay for qualified medical expenses:

- **Use your YSA debit card**—Pay your doctor or hospital bills with your UMB YSA debit card, or present your debit card at the pharmacy, and the amount will be automatically deducted from your HSA.

  If your YSA card is denied when trying to make a qualified medical expense purchase, you will need to pay for the expense out of pocket and then reimburse yourself from your HSA account. You should keep a copy of the receipt for tax purposes. Please remember, it is your responsibility to ensure that purchases are qualified medical expenses per IRS guidelines. Unlike the Health Care FSA plan, HSA transactions are not subject to NiSource review.

- **Reimburse yourself with a direct deposit**—After paying for qualified expenses out of pocket, you can pay yourself back by making a direct deposit from your HSA into your personal checking, savings or money market account. From the YSA home page, go to **Take Action > Get Reimbursed** to set up your personal savings or checking account in which you would like the deposit made. You will need to enter a routing number and account number. Once you have entered that information, your account will be available to receive money transfers from your HSA in the future.

  Checks are not offered under this plan. If you would like to be reimbursed or pay a provider, you can use the bill pay option for direct provider payment or to establish recurring payments.

HSA-Qualified Dependents

Please note that the definition of a qualified dependent can vary benefit plan to benefit plan. For example, a qualified dependent for purposes of determining medical plan eligibility is different than a qualified dependent for the HSA. In some cases, that may mean an employee can cover a dependent child under a HD PPO medical plan but cannot pay for that dependent's eligible health care expenses with money from his or her HSA (the dependent would need to establish an HSA of his or her own).

You should consult a qualified tax advisor if you have questions regarding the eligibility of your dependent to participate in a tax-advantaged benefit plan like an HSA.

Accessing Your Account

You can access your HSA account through the MySource for HR website at **mysourceforhr.com**. From the website's home page, choose the "Health Savings Account" tile.

You can also call **1-888-640-3320** to speak with a Customer Service Associate. Associates are available to answer your questions from 8:00 a.m. to 6:00 p.m. Eastern time, Monday through Friday.

While your HSA contributions are deposited into your account as soon as administratively possible via payroll deductions, you can use the site to choose additional ways to deposit money in your account (fees may apply).

The site provides deposit forms so you can make deposits via personal check directly to UMB. You can also use the site's Online Transfer tool to make an electronic deposit from your personal checking account to the HSA.

Using Your HSA (continued)

Let's look at a few examples of how employees use their HSA during the year.

Example 1: Using the Debit Card as Needed

Mary eventually wants to start saving for future health care expenses, but for this year she uses her HSA balance to help her cover expenses that come up during the year. That's why she likes the convenience of using the HSA debit card.

How She Pays

When she visits the pharmacy, she uses her debit card to pay for her medication and other qualified expenses. After visiting the doctor's office, she waits for her in-network discounts to be applied, and then she pays her bill using the card.

Mary knows that by using her debit card as needed, she'll probably use up most of her HSA balance during the year. If she happens to have money available at the end of the year, she knows that it will roll over toward next year.

Example 2: Saving for the Future

Dave loves the three types of tax advantages he gets from contributing to the HSA with before-tax money—he doesn't pay taxes on the money he puts in, the interest his money earns, or the money he takes out for eligible expenses. He contributes the maximum amount to the HSA each year, and he aims to keep his money in his HSA growing tax-free for as long as possible.

How He Pays

Instead of using his debit card during the year, he tries to pay out of pocket for office copayments and other small qualified medical expenses. That way, he'll leave more money in his account to roll over to next year and grow for the future.

Dave also likes knowing that once his balance reaches $1,000, he can access additional investment opportunities (see "Saving and Investing With an HSA").

Example 3: Paying Yourself Back From the HSA

HSAs are funded with an annual NiSource contribution ($1,200 for HD PPO 1 or $700 for HD PPO 2) made by the end of January, and with employee contributions made after each pay period during the year. Nancy had unexpected medical expenses soon after opening her HSA, at a time when her balance was not enough to cover her out-of-pocket expenses.

How She Pays

Because her HSA balance didn't cover her expenses, Nancy paid for the cost of her medical care out of pocket. She wasn't worried about having to pay out of pocket for these expenses, since she knew she could pay herself back from her HSA when funds were available.

As her HSA contributions were deposited into her account during the year, she paid herself back by making a direct deposit from her HSA into her personal checking account. Nancy was able to pay herself back with a direct deposit by going to the YSA home page and selecting "Get Reimbursed" under **Take Action**. Next year she'll be sure to set aside money again in case she needs to cover out-of-pocket expenses early in the year.

What's Covered by Your HSA

Your HSA funds can be used tax-free for qualified medical expenses for you, your spouse or your eligible dependents. Qualified medical expenses are amounts paid for "medical care," as defined by Internal Revenue Code Section 213(d), for which you are not compensated by insurance or otherwise.

Partial List of Covered Expenses

You can use your HSA tax-free toward qualified medical expenses, which may include:

- Acupuncture
- Artificial limb
- Bandages
- Birth control pills
- Breast reconstruction surgery
- Chiropractor
- Co-insurance amounts
- Contact lenses
- Crutches
- Dental treatment
- Eyeglasses
- Eye surgery
- Hospital services
- Lab fees
- Long-term care premiums
- Medication (including select over-the-counter)
- Psychiatric care
- Transplants
- Vision co-insurance
- Wheelchair

Partial List of Excluded Expenses

You cannot use your HSA toward the following expenses:

- Child care
- Cosmetic surgery
- Funeral expenses
- Household help
- Maternity clothes
- Nursing or retirement home fees
- Teeth whitening
- Vitamins

Please Note: If you use your balance toward non-qualified expenses, the distribution will be taxed as part of your gross income and you will have to pay a 20 percent penalty if you have not reached age 65.

The information included on this page is only a partial list and may be subject to change. For more details, look for Publication 969, Notice 2010-59, and Notice 2020-29 on the IRS website at **irs.gov**.

Managing Your HSA

Here are some tips to help you get more from your HSA during the year:

Make a Household Budget—Including Health Care Costs

One of the best parts of an HSA is that it provides a tax-advantaged way for you to save money for your future health care costs. However, you can't save for tomorrow if you don't figure out how to spend wisely today. If you really want to get the most out of an HSA, you have to make trade-offs today and take a long-term approach to saving in the HSA. One of the most successful ways to save for tomorrow is to update or create a household budget (including a line item for health care). That way you'll be prepared to have that money set aside when you need it.

Building Up Your Balance? Pay Out of Pocket When Possible

If your goal is to save for the longer term, you need to leave your money in the HSA. Most of us never even consider our 401(k) as a source of money to pay for day-to-day expenses, so it might be helpful to treat your HSA the same way. You can access your money if you're in need of cash for one month or have unexpected expenses that can't be covered by your regular budget. But if you limit yourself to these rare occasions, you'll be able to roll money over in your HSA every year and watch it grow with interest and investment earnings.

To maximize your savings, consider contributing up to the annual limit each year ($3,850 for Employee only coverage or $7,750 for Family coverage, including any NiSource contributions).

Negotiate With Your Doctor, Pharmacist or Hospital

Most of us don't talk to our doctors about what their services cost. We ask about symptoms, diagnoses and treatments, but never about the bill. You should talk with your doctor, pharmacist, hospital or health care provider about the cost of each service and what your payment options are. You may be surprised at how much you can save just by asking questions and negotiating with your health care provider up front.

Double-Check Your Medical Bills

Mistakes happen all the time in health care billing. When you're in the doctor's office or leaving the hospital, request an itemized bill and review it carefully. You should also review your Explanation of Benefits (EOB) after you receive care to make sure the service was billed and paid for correctly.

Use the 24-Hour Nurse Hotline

Under the HD PPO plans, you have access to a 24-hour nurse hotline. For non-emergencies, consider calling the hotline to consult with a registered nurse instead of incurring the cost of a doctor's visit.

Visit the Your Spending Account Website

The Your Spending Account (YSA) website has a number of tools and resources to help you manage your HSA during the year. You can use online tools to review your transactions, transfer funds and make investment choices. You can access the YSA website through the MySource for HR website at **mysourceforhr.com**. From the website's home page, choose the "Health Savings Account" tile.

Saving and Investing With an HSA

As costs continue to rise, Social Security and Medicare may not be enough to cover your health care costs in retirement. That's why you might want to consider not using the HSA for everyday expenses, but rather as a way for you to save for future medical expenses. Saving in the plan—and not withdrawing money from your HSA—can really add up:

Your HSA Contribution Each Year	After 10 Years	After 20 Years	After 30 Years
$2,000	$22,337	$49,567	$82,759
$3,000	$33,506	$74,350	$124,138
$4,000	$44,675	$99,133	$165,518

This example assumes a 2% rate of return; your actual rate of return may vary.

By contributing to the HSA each year, and letting your money grow (instead of withdrawing it from your account), you get the benefits of compounding. Compounding happens when the money you save not only earns interest, but also earns interest on top of that interest. It can really help your balance grow more quickly over time.

Save More, Earn More

You earn interest on your HSA based on how much money you have in your account. The more you save, the higher your rate of return. The interest rate you receive increases once your account reaches $5,000, and then again if it reaches $15,000 and $25,000. This multi-tiered interest rate approach helps you grow your savings even faster.

Take Advantage of Investment Options

When your HSA balance reaches $1,000, you have access to the UMB HSA Saver portal.

UMB HSA Saver Portal

You can select and manage your investments through the UMB HSA Saver portal. The Saver portal offers additional investment options including approximately 30 mutual funds from nationally recognized fund families. You also have access to online tools to help you manage your account.

There are certain fees associated with opening up and transacting through the Saver portal. Contact the Benefits Source at **1-888-640-3320** for more information about rules, regulations and fees that may apply.

Frequently Asked Questions

What are the requirements for contributing to an HSA?

To contribute to an HSA, you must be enrolled in an HD PPO. In addition, you cannot be:

- Covered by another medical plan (for example, you cannot be a dependent on anyone else's plan that is not a high deductible plan, except for vision and dental coverage).
- Enrolled in Medicare benefits.
- Claimed as a dependent on another person's tax return.
- A participant in an annual Health Care Flexible Spending Account (FSA) for 2023.

What are the 2023 contribution limits?

If you are enrolled in HD PPO 1, you can contribute up to $2,650 (if you have Employee only coverage) or $6,550 (if you have Family coverage) in 2023. If you are enrolled in HD PPO 2, you can contribute up to $3,150 (if you have Employee only coverage) or $7,050 (if you have Family coverage) in 2023. It is your responsibility to make sure you do not exceed these limits during the year.

Can I change my contribution amount during the year, and when is the effective date of the change?

Yes, you can change your contribution amount online via the MySource for HR website at **mysourceforhr.com** or by calling the Benefits Source at **1-888-640-3320**. The effective date of the change will be the first day of the following month. Please note that depending on your individual payroll processing schedule, the change to your HSA contribution may not be reflected in the first paycheck of the following month. **Your revised HSA contribution amount cannot be less than the year-to-date amount already deducted from your paycheck.** Also, due to year-end processing and payroll timing, any changes after Dec. 1 may not be processed during the current year.

Will I be asked to provide documentation in order to get reimbursed for expenses?

No, you don't need to provide documentation in order to get reimbursed. However, you should save all receipts for tax purposes. The IRS reserves the right to audit your tax information at any time.

What if I am attempting to make a qualified medical expense purchase but my YSA card is denied?

You will need to pay for the expense out of pocket and then reimburse yourself from your HSA account. You should keep a copy of the receipt for tax purposes. Please remember, it is your responsibility to ensure that purchases are qualified medical expenses per IRS guidelines. Unlike the FSA plan, HSA transactions are not subject to NiSource review.

Can I withdraw funds from my HSA using an ATM?

No. There is no ATM access to your HSA funds.

What happens if I leave the company?

You always own your balance and can continue to use the money in your account for qualifying expenses or let the money grow for the future. If you leave the company, a new HSA account will be set up for you and you will receive a new HSA debit card from UMB. However, there may be limits on contributions you make to your HSA depending on the type of health plan you enroll in at your new employer. In addition, you will be responsible for ongoing account management fees associated with your balance.

(continued)

Frequently Asked Questions (continued)

How can I use my HSA funds in retirement?

Before you reach age 65, you can continue to use your HSA for any qualified expenses with no penalty. If you use your funds for a non-qualified expense before you reach age 65, the distribution will be taxed as part of your gross income and you will have to pay a 20 percent penalty.

After you reach age 65, you can use your HSA for any expenses—qualified or non-qualified—with no penalty. However, the amount of any non-qualified distribution will be included as part of your gross income.

How do I get a replacement HSA card?

If you need to replace your HSA card, you can request a replacement card (up to five at no additional cost) by going to the YSA home page and clicking on the "Request an Additional Card" link under **Take Action** or calling the Benefits Source at **1-888-640-3320**.

Can I make changes after a qualified life event?

Yes, but a qualified life event is not required in order to make changes. You can make changes to your HSA contribution amount at any time during the year.

What happens when I become eligible for Medicare?

Most people enroll in Medicare when they first become eligible at age 65 to get health coverage and avoid late entrance penalties. Medicare enrollment disqualifies you from any further HSA contributions.

If I'm still employed and have health insurance through my employer, is it a requirement that I also enroll in Medicare?

If you are Medicare-eligible, still working, and covered by an HD PPO plan, you may consider postponing your Medicare enrollment. You should get a letter in the mail from Medicare prior to your 65th birthday explaining the rules to avoid late entrance penalties. Even if you decide to postpone your Medicare enrollment until after you quit working, if you enroll in Social Security, you will be automatically enrolled in Medicare Part A. The law does not allow you to enroll in Social Security and opt out of Medicare Part A. So, if you decide to postpone Medicare, you would also need to postpone Social Security benefits in order to be eligible for HSA contributions.

Your eligibility to contribute to an HSA is not affected if you choose not to enroll in Medicare but your spouse chooses to enroll in Medicare. Both you and your spouse's qualified expenses can still be paid from the HSA, with the exception of your spouse's Medicare premiums. No Medicare premiums can be paid from your HSA if you are not enrolled in Medicare. You should seek advice from your financial advisor and Social Security (**socialsecurity.gov** or **800-772-1213**) to determine if postponing Social Security/Medicare benefits is the right option for you.

(continued)

Frequently Asked Questions (continued)

What happens after I enroll in Medicare?

Your enrollment in any part of Medicare (A, B, C or D) makes you ineligible for HSA contributions, including NiSource funding. This is true even though Part A is free for most people. You become ineligible for HSA contributions the first day of the month your Medicare is effective. You must pro-rate your annual maximum contribution, including catch-up contributions, the year you enroll in Medicare. (The total annual contribution maximum is divided by 12 and multiplied by the number of full months you were eligible.)

If you are still working, neither NiSource nor your spouse (nor anyone else) can contribute any amount that exceeds your eligible pro-rated maximum after you enroll in Medicare. If you're Medicare-enrolled, you can continue to withdraw funds from your HSA tax-free to pay for personal qualified expenses as well as the qualified expenses of your spouse and dependents. This includes your Medicare premiums and/or COBRA premiums, as well as Medicare/COBRA premiums for your spouse/dependents. ***Note: HSA funds can never be used for Medigap/Medicare Supplement premiums.***

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

If you turn 65, your HSA funds can still be withdrawn tax-free for out-of-pocket qualified health expenses, regardless of whether you enroll in Medicare. If the funds are spent for any reason other than for qualified medical expenses, the funds withdrawn will be taxable as income but will not be subject to any other penalties. Normal income taxes will apply if the distribution is not used for unreimbursed medical expenses (expenses not covered by the medical plan).

Although the purchase of health insurance is generally not a qualified medical expense that can be paid or reimbursed by an HSA, the Internal Revenue Code provides an exception for employer-sponsored retiree coverage and Medicare premiums once an account beneficiary reaches age 65. If retiree health benefits are provided through a former employer, the account can also be used to pay for the retiree medical insurance premiums, whether insured or self-insured. Such a distribution will be tax-free.

When you enroll in Medicare, it's your responsibility to call the Benefits Source at **1-888-640-3320** to stop your HSA contributions. You will receive a new HSA debit card from UMB that will allow you to continue using the remaining money in your account for eligible expenses (your old card will no longer work). You will also be required to pay a monthly account fee to UMB for as long as money remains in your account.

Your HSA funds can be used to pay Medicare premiums, deductibles, copays and co-insurance under any part of Medicare. Premiums for Medicare are usually automatically deducted from Social Security benefit payments. Individuals can use HSA funds to reimburse themselves in an amount equal to the Medicare premium deduction. ***Note: Medicare supplemental insurance or "Medigap" policies are not considered qualified expenses.***

NiSource

H000257019