

Understanding Your Health Savings Account (HSA)



BROUGHT TO YOU BY:



What is a Health Savings Account (HSA)?



- Tax-advantaged savings account
- Designated for medical expenses



Who is eligible to open an HSA?



- You must be covered by a qualified high deductible health plan, or HDHP
- You cannot be covered by another non-HDHP health care plan
- You cannot be claimed as a dependent on another individual's tax return
- You cannot participate in a general purpose health care FSA
- Limited coverages allowed – i.e. dental, vision, LTC

What is a high-deductible health plan (HDHP)?

Qualified High Deductible Health Plan

In Network Coverage

Health Plan Pays

After you reach the out-of-pocket maximum, the health plan pays 100% of covered charges

You Pay

100% of the deductible
Deductible varies based on plan design
Preventive Care covered at 100%

Health Care Expenses

- *Intended to cover serious illness or injury*
- *IRS sets parameters on plan design*
Examples: Minimum deductible levels;
no copayments for office visits
- *Preventive care can be covered at 100%*

Health Savings Account

HSA funds can be used for qualified medical expenses



- *Tax free growth*
- *Tax free distributions (for qualified expenses)*

What makes a HDHP “qualified”?

2018 Limits



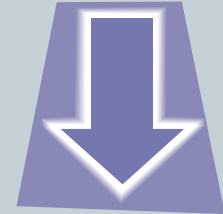
- Minimum HDHP deductibles
 - \$1,350 – Individual
 - \$2,700 – Family
- Maximum out-of-pocket expenses
 - \$6,650 – Individual
 - \$13,300 – Family
- Indexed annually for inflation



Why should I establish an HSA?



- Lower health insurance premiums
- Tax advantages
 - Contributions, earnings, and distributions are tax free
- Flexible and portable
- No “use it or lose it” rule
- Savings for future



Who is eligible to contribute to your HSA?



- **Anyone!**

- You
- Your employer
- Your family members



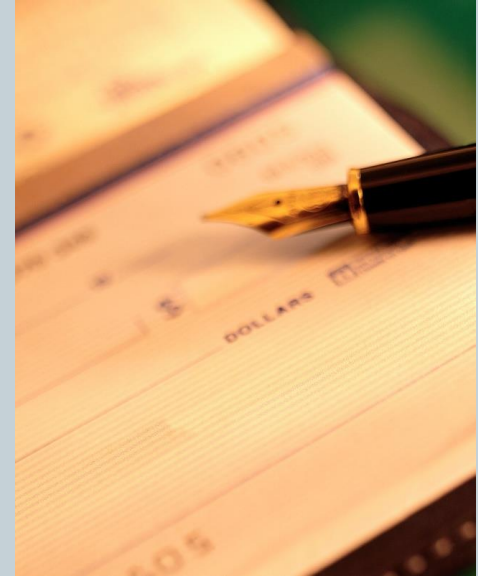
- **Maximum annual contribution (2018)**

- \$3,450 – Individual
- \$6,900 – Family
- \$1,000 “catch-up” contribution

How is money deposited into my HSA?



- Payroll deduction option
 - Tax-free
- Lump sum
 - After-tax dollars
 - Deductible on income tax return
 - Above-the-line deduction
- Employer contribution (if applicable)
 - Excluded from gross income



When does my eligibility to contribute end?



- You can no longer make contributions to your HSA if:
 - You no longer participate in a high deductible health plan
 - You are enrolled in Tricare
 - You enroll in Medicare
 - ✦ Including Part A, Part B, or Part D
 - ✦ Enrollment in Part A is automatic at age 65 for some individuals



When do I use my HSA?



- Qualified medical expenses
- No requirement to use HSA funds



What health care expenses does my HSA cover?



- Doctor visits
- Hospital stays
- Prescription drugs
- Dental expenses
- Vision expenses
- And much more!



What health care expenses does my HSA cover?



- Refer to IRS Publication 502.
- Effective January 1, 2011, HSA funds cannot be used to purchase over-the-counter medications.

Who manages the HSA?



- Keep track of your HSA balance
- Save all receipts



Two Examples



- Doctor office visit
 - Insurance card
 - Explanation of Benefits
 - Bill from provider



- Prescription drug
 - Not a copay



Summary



- HSAs work in conjunction with a HDHP.
- Contributions are *tax free*, earnings are *tax free*, and distributions are *tax free* if used for qualifying medical expenses.
- You decide how to spend your health care dollars; be a better healthcare consumer
- Lower health plan premiums (the money saved can be deposited into your HSA account!)
- HSA belongs to you and is portable – employees currently contributing to Section 125 FSA could deposit that same amount in an HSA. With the HSA, there is no “use it or lose it” rule
- Potential retirement savings
- Employee is responsible for tracking expenses, monitoring HSA contributions/distributions

More Information



- For more information, please refer to the United States Department of Treasury website:

<http://www.treasury.gov/resource-center/tax-policy/Pages/Health-Savings-Accounts.aspx>