



Health Savings Accounts

Frequently Asked Questions

How do I manage my HSA?

The HSA account is your account; the HSA dollars are your dollars. Since you are the account holder or HSA beneficiary, you manage your HSA account. You may choose when to use your HSA dollars or when *not* to use your HSA dollars. HSA dollars pay for any eligible expense. Most commonly, the HSA account holder will pay their out-of-pocket expenses (i.e. deductible and coinsurance) associated with their high deductible health plan with their HSA dollars.

What expenses are eligible for reimbursement from my HSA?

HSA dollars may be used for qualified medical expenses incurred by the account holder and his or her spouse and dependents. Qualified medical expenses are expenses for medical care and are outlined within IRS Section 213(d). In summary the IRS Section 213(d) states that *"the expense has to be primarily for the prevention or alleviation of a physical or mental defect or illness."*

In addition to qualified medical expenses, the following insurance premiums may be reimbursed from an HSA:

- COBRA premiums;
- Health insurance premiums while receiving unemployment benefits;
- Qualified long-term care premiums*; and
- Any health insurance premiums paid, other than for a Medicare supplemental policy, by individuals ages 65 and over.

What expenses are NOT eligible for reimbursement from my HSA?

The following expenses may not be reimbursed from an HSA:

- Premiums for Medicare supplemental policies;
- Expenses covered by another insurance plan; or
- Expenses incurred prior to the date the HSA was established.

What is a coverage gap?

This is the gap between total out-of-pocket expenses associated to your high deductible health plan and your HSA dollars. For example, assume that you have a \$2000 deductible, a \$4000 maximum out-of-pocket, and either you or your employer has contributed \$2000 to your HSA account. You are financially obligated to pay the difference between your total maximum out-of-pocket (\$4000) and HSA account (\$2000), $\$4000 - \$2000 = \$2000$, if medical costs incurred exceeded your total maximum out-of-pocket.*

What happens when my HSA funds run out?

You may be financially responsible for any eligible medical expenses that fall within the coverage gap.

Can I use my HSA dollars for non-eligible expenses?

Money withdrawn from an HSA account to reimburse non-eligible medical expenses is taxable income to the account holder and is subject to a 10% tax penalty, unless over age 65, disabled, or upon death of the account holder.

When can I start using my HSA dollars?

You can use your HSA dollars immediately following your HSA account activation and once contributions have been made.

* May vary depending on HSA plan design and Benefit Plan Design. Refer to your Summary Plan Description or HR administrator for specifics pertaining to your plan.

When do I contribute to my HSA account, and how often can I?

You, your employer or others can contribute to your HSA account through a payroll deduction(s) or as a lump sum deposit.* You can contribute as often as you like, provided the annual contribution limits do not exceed:

- \$3,050 for individual coverage or \$6,150 for family coverage (2010.)

Individuals that are age 55 or older may be eligible to make additional contributions not exceeding \$1,000.

How do I pay my physician or network facility at time of service with my HSA dollars?

You may request that the network provider submit your claim to your health plan. You should make sure that your provider has your most up-to-date insurance information. Once the medical claim has been processed, if applicable, out-of-pocket expenses will be billed. At this time you may choose to use your HSA debit card or HSA check* to pay for any out-of-pocket expenses, or you may choose to write a personal check, receiving reimbursement at a later date. You should always ask that your medical claim be submitted to the health plan before you seek reimbursement from your HSA. This procedure will ensure that provider discounts are applied.

Also, remember to keep all medical receipts and Explanation of Benefits (EOBs).

What if I have HSA dollars left in my account at year-end?

The money is yours to keep. It will continue to earn interest and will be available for you and your healthcare costs next year.

How do my remaining HSA dollars roll over at year end?

Any dollars left in your HSA account at year-end will automatically roll over into next year's HSA account.*

What happens to my HSA dollars if I leave my employer?

The funds are yours to keep. You may elect one of the following options:

- Leave your funds in the current HSA account;
- Transfer your funds to an HSA with your new employer; or
- Transfer your funds to another qualifying account within 60 days.

Can my HSA dollars be used for retirement health care costs?

Yes, only for expenses eligible for reimbursement.

Can I use the money in my account to pay for my dependents' medical expenses?

You can use the money in the account to pay for medical expenses of yourself, your spouse, or your dependent children. You can pay for expenses of your spouse and dependent children even if they are not covered by your HDHP.

My employer offers an FSA – can I have both an FSA and an HSA?

You can have both types of accounts, but only under certain circumstances. General Flexible Spending Arrangements (FSAs) will probably make you ineligible for an HSA. If your employer offers a "limited purpose" (limited to dental, vision or preventive care) or "post-deductible" (pay for medical expenses after the plan deductible is met) FSA, then you can still be eligible for an HSA.

Can I shift my IRA funds to my HSA?

Owners of individual retirement accounts that are enrolled in a high-deductible health plan can shift IRA funds to an HSA without facing a tax penalty. The IRS allows a one-time transfer that does not exceed your maximum HSA contribution limit.