

What is a Health Savings Account (HSA)?

HSA's are individual savings accounts that pay for qualified healthcare costs tax-free. To open an HSA you must be enrolled in a Qualified High-Deductible Health Plan. Disbursements are tax-free as long as they are for qualified expenses. Interest is earned on funds contributed and funds may also be invested, tax free.

Are there limits I should be aware of?

The IRS sets the contributions limits and this may change every tax year. For 2019, the maximum contribution is \$3,500 for Single coverage and \$7,000 for Family coverage. In addition, if age 55 or older you can contribute an additional \$1,000 "catch-up" contribution every year. If your Employer is contributing to your HSA the limit is a combination of both Employer and Employee contributions.

What are the advantages of HSA's?

- ❖ **Security** – Your HSA helps protect you against high or unexpected medical bills
- ❖ **Ownership** – Funds remain in the account from year to year; no "use-it or lose it"
- ❖ **Portable** – Accounts are completely portable, keep your HSA even if you:
 - Change jobs
 - Change medical coverage
 - Become unemployed
- ❖ **Flexible** – Use the funds in your account to pay for current medical expenses or save/invest the money in your account for future needs.
- ❖ **Control** – You make the decision about:
 - How much to contribute to the account
 - Whether to save/invest the funds in the account or pay for current medical expenses
 - Which medical expenses to pay from the account

How do I Open a Health Savings Account? You will be provided instructions on how to login and open your account. You will be able to order up to two mySourceCards that can be used to pay for expenses at the time of enrollment.

How do I access the funds in my Health Savings Account? You can use your mySourceCard to pay for qualified expenses or login to your account and request a withdrawal. **If you are ever audited the IRS will require you to provide copies of bills substantiating the amount withdrawn from your account** You can either upload your receipts to the Claims Vault on HSAToday or keep the receipts yourself.

What are qualified HSA expenses? Qualified medical expenses include items listed under Section 213d. Another source is provided in IRS Publication 502 (available at www.irs.gov). The following is a list that is intended to be used as a quick reference of potentially eligible medical expenses and does not guarantee that an expense will be eligible. In addition to the list below, there are over 150 additional items or expense types that are considered potentially eligible. These may require prescriptions or a letter of medical necessity.

Eligible Medical Expenses

- | | |
|------------------------------|------------------------------------|
| Acupuncture | Allergy Treatments (if prescribed) |
| Ambulance | Body Scans |
| Breast pumps | Chiropractors |
| Co-insurance amounts | Co-payments |
| Dental services & procedures | Diagnostic items/services |
| Diabetic supplies | Eye examinations, eyeglasses |
| Flu Shots | equipment and materials |
| Hospital services | Immunizations |
| Lab Fees | Lactation consultant |
| Obstetrical expenses | Orthodontia |
| Physical exams | Physical Therapy |
| Preventive care screenings | Prosthesis |
| Radial keratotomy | Screening tests |
| Speech Therapy | Transplants |
| Vaccines | X-ray fees |

Eligible Over-the-Counter Medical Supplies

- Arthritis gloves
- Adult incontinence products (e.g. Depends)
- Birth control products (e.g. prophylactics) (if allowed by your plan)
- Contact lens solution
- Denture adhesives
- First aid supplies (e.g. Band-Aids)
- Hearing aids and batteries
- Heating Pads
- Supports/braces (e.g. ankle, knee, wrist, therapeutic glove)

Eligible Over-the-Counter Drugs & Medicines

- (requires a prescription)
- Anti-fungal medications
 - Cold sore medication
 - Diaper Rash ointments
 - First Aid Creams
 - Gastrointestinal aids (e.g. antacids, anti-diarrhea medicines, laxatives)
 - Pain Relievers (e.g. aspirin, Tylenol, Advil, Motrin)
 - Wart remover medications

For a more comprehensive list, please view Eligible & Ineligible Expense List on our website www.HRAdministrators.com



What else do I need to know?

- ❖ Custodian bank of HSA's is National Trust Advisors
- ❖ Online access provided
- ❖ HSAToday Fee Schedule is listed on the website when you enroll
 - Employer will pay the monthly administrative fee as long as you are enrolled in their High Deductible Health Plan
- ❖ If age 65 or older and **enrolled** in Medicare you cannot contribute to a Health Savings Account
 - If enrolled in Medicare can continue to spend money in HSA
- ❖ COBRA, Long Term Care Premiums and/or Medicare premiums can be reimbursed from HSA
- ❖ If contributing to a Health Savings Account and you or your spouse is **enrolled** in a Flexible Spending Account (FSA) the FSA needs to be a Limited Purpose FSA that only reimburses Dental, Vision and Post Deductible expenses (deductible expenses incurred above \$1,350 Single / \$2,700 Family).
- ❖ If funds withdrawn from HSA for non-qualified expenses you will be responsible to pay taxes and penalties
- ❖ Tax forms provided by National Trust Advisors

Please refer to IRS Pub 969 for more comprehensive rules/regulations regarding Health Savings Accounts

Questions?

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