HSA Key Features

Use HSA dollars to pay for medical expenses tax-free!

Pre-tax contributions!

Funds roll over year to year!

Funds are portable!

HSAs are owned individually

No “use it or lose it” rule

HSAs earn interest!

Funds can be invested!

HSAs can build up significantly...no balance limit!
HSA Eligibility

HSA account holders:

- Must be enrolled in an HSA-qualified High Deductible Health Plan (HDHP)
- Cannot be covered by any other insurance that reimburses for health expenses
- Cannot be enrolled in any part of Medicare or Medicaid
- Cannot be eligible to be claimed as a dependent on another person’s tax return
- Must be over 18 years of age
HSA Contributions

IRS Maximum
2016 Contribution Limits

<table>
<thead>
<tr>
<th>Category</th>
<th>Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>$3350</td>
</tr>
<tr>
<td>Family</td>
<td>$6750</td>
</tr>
</tbody>
</table>

Contributions

- Not subject to income tax
- Can be made by anyone
- Must conform to allowable limits

Over-contributions must be withdrawn to avoid extra taxes

Eligible individuals aged 55 or older may contribute “catch-up” contributions of $1000.00 each year until they enroll in Medicare (one catch-up per account)
How HSA Contributions Impact Taxes

HSA contributions are exempt from the following payroll taxes:

- Social Security
- Medicare
- Federal Income tax
- State income tax/unemployment tax

_This savings isn’t automatic, but depends upon the tax laws of the state of residence_

Pre-tax contributions facilitated by an employer are documented on employee W-2’s in **Box 12 with a Code W.**
Annual Tax Documentation

**IRS Form 8889**
HSA account holders utilize this form to file taxes
All information to file taxes is available online
and via the employer’s W-2

**IRS Form 1099-SA**
Details distributions; Customer and IRS receive by January 31\textsuperscript{st}

**IRS Form 5498-SA**
Details contributions; Customer and IRS receive by May 31\textsuperscript{st}
What can you do with your HSA dollars?

HSA dollars may be used by the account holder, the account holder’s spouse, and any tax dependents.

According to the IRS, funds within an HSA can be used to pay for qualified medical expenses. View [www.irs.gov](http://www.irs.gov) Publication 502 includes a complete listing.
Qualified Medical Expenses

- Most medical services provided by your insurance
- Dental Services
- Vision Care
- Alternative Remedies
- Certain premiums in rare circumstances
- OTC Drugs - only with Doctor’s prescription
Distributions

- Distributions can be taken at any time
- HSA reimbursements can be taken for expenses from prior years if the HSA was in place at time of purchase
- Save receipts!
Non-Medical HSA Distributions

<table>
<thead>
<tr>
<th>Under Age 65</th>
<th>65+ Years Old</th>
</tr>
</thead>
<tbody>
<tr>
<td>• It is possible to withdraw funds, but may not be “advisable”</td>
<td>• No penalties for non-qualified distributions</td>
</tr>
<tr>
<td>• You may be required to pay income taxes plus 20% penalty</td>
<td>• Pay income taxes on withdrawals</td>
</tr>
</tbody>
</table>
Payment Process

**Payment to a Medical Service Provider:** (Doctor, Lab or Hospital, etc.)
Provide your insurance card & explain you have a high deductible plan. Most physicians allow you to pay after you receive a bill.

Review the EOB (Explanation of Benefits) sent by your insurance carrier to make sure you are billed correctly.

**Payment at the Pharmacy:**
Pharmacies immediately access the negotiated rate for prescriptions.

You can use your card to pay for qualified expenses, or pay with another method and reimburse yourself at a later time.
Managing a Deductible

Medical bills can often be broken down into smaller payments.

If you do not have available funds in your HSA, ask your provider’s billing office about arranging a simple payment plan.

You can set up payments directly from your HSA.

When possible, seek ways to pay less for the same type of product or level of care (i.e. – Generic vs. Brand-name prescriptions)
Thank you!