Health Savings Account (HSA)
Frequently Asked Questions

A Health Savings Account (HSA) is a tax-favored medical savings account available to employees to assist with health care expenses. An HSA can only be established by individuals who are enrolled in a qualified high deductible health plan (HDHP).

HSAs offer account holders triple tax savings:

- Tax-favored contributions through pre-tax payroll deductions or federal tax deductions on post-tax dollars
- Tax-free growth on invested funds
- Tax-free withdrawals for qualified medical expenses

What is a Qualified High Deductible Health Plan (HDHP)?

A qualified HDHP is a health insurance plan that satisfies minimum annual deductible and maximum out-of-pocket limits. The Internal Revenue Service (IRS) establishes these limits annually.

Limits		**2018**	**2019**
Minimum Annual Deductible:	Individual	$ 1,350	$ 1,350
	Family	$ 2,700	$ 2,700

Who may contribute to the HSA?

There are no restrictions as to who may contribute to an HSA on behalf of the owner of the account as long as the account holder is currently enrolled in a qualified high deductible health plan. You are however, unable to contribute if you have any other non-qualifying coverage such as Medicare, Medicaid, or Tricare. All contributions are applied toward the account holder's annual contribution limits.

What are the annual contribution limits?

The annual contribution limits are established by the IRS.

Contribution Limits	**2018**	**2019**
Individual Coverage	$3,450	$3,500
Family Coverage	$6,900	$7,000

Participants age 55 and over are able to contribute an additional $1,000 each year.

What is the deadline for contributions to an HSA for a taxable year?

Contributions for a taxable year can be made at any time from the beginning of the taxable year through the deadline for filing your federal income tax return for that year (without extensions). For calendar year taxpayers, this deadline is generally April 15 following the year for which the contributions are made (e.g., contributions for the 2017 calendar year may be made until April 17, 2018).

What can I pay for with HSA funds?

To remain as tax-free dollars, monies spent from the HSA account must be for qualified medical expenses, which means they must be used to pay for qualified medical expenses for yourself, your spouse, or your tax dependent(s). Any other non-qualified distributions are taxable and subject to an additional 20% excise tax unless taken after the HSA holder's death, disability, or attainment of age 65.

What is a qualified expense?

Qualified expenses are generally out-of-pocket medical expenses as itemized in IRS Code Section 213(d) and certain insurance premium expenses. Account holders can also reference IRS Publication 502, *Medical and Dental Expenses*, which contains a partial listing of qualified medical expenses.

Who decides whether the money spent from an HSA account is for a qualified expense?
The account owner is responsible for understanding and determining what a qualified expense is and for maintaining all documentation as required by the IRS.

If I am covered by another health insurance plan through my spouse, can I also contribute to an HSA?
You are eligible to contribute to an HSA if the health insurance you receive from your spousal coverage is a qualified HDHP.

If my spouse has a Flexible Savings Account (FSA) or Health Reimbursement Arrangement (HRA) offered through his or her employer, can I contribute to an HSA?
If your spouse maintains a general FSA or HRA and your medical expenses can be paid for by either of these two funds, you are not eligible to contribute to an HSA.

Are individuals allowed to participate in both an FSA and an HSA?
An individual may participate in an HSA and FSA only if the FSA is either a Limited Purpose FSA (allows funds to be used for qualified dental or vision payments only) or Post Deductible FSA (allows funds to be used for qualified medical expenses, but only after the minimum health plan statutory deductible is met).

Does tax filing status (joint vs. individual) affect contribution limits?
Contribution limits are determined by the coverage level of the qualified HDHP (individual/family) and not determined by a tax filing status.

If my spouse or I are retired, can I still contribute to an HSA?
Yes, if you are covered by a qualified HDHP and are not enrolled in Medicare, you may still make contributions to an HSA. If your spouse is enrolled in Medicare and you are enrolled in a qualified HDHP, you can still contribute to your HSA. In addition, you may use the funds in your HSA to pay for qualified expenses for you and your spouse.

Do the funds in my HSA roll over from year to year?
You have full ownership of the HSA account; therefore, account balances are yours and remain in the account from year to year.

Can I invest any of my account balance in mutual funds?
Yes, once your balance in your account reaches the minimum threshold of $2,000, any additional funds will automatically sweep into a Money Market account. You may go in and adjust to an investment in an array of available funds. You may adjust this feature if you choose.

What happens to the money in my HSA if I leave my job or retire?
You retain full ownership of the HSA account if you leave your job or retire. However, if you are no longer covered by a qualified HDHP, you will no longer be eligible to make future contributions to your HSA. The HSA account funds can still be used to pay for qualified expenses.

What happens to the money in my HSA after I turn age 65?
After the age of 65, monies in the account can be used to purchase items other than qualified expenses without being subject to the additional 20% excise tax penalty. However, purchases for items other than qualified expenses are subject to income tax. Premiums for Medicare, individual health insurance (except Medigap), and retiree coverage under an employer plan are considered qualified expenses.