Considering a High Deductible Health Plan?

Health Savings Account (HSA) Qualified
What is a High Deductible HSA-Qualified Health Plan?

A medical savings account available to taxpayers who are enrolled in a High Deductible Health Plan. The funds contributed to the account aren't subject to federal income tax at the time of deposit.

Funds must be used to pay for qualified medical expenses. Unlike a Flexible Spending Account, funds roll over year-to-year if you don't spend them.
What is a High Deductible HSA-Qualified Health Plan?

This plan is a specific high-deductible health savings benefit where you pay your premium and set aside funds up to $3,300 in your bank to cover your medical bills for 2014.

The money you contribute to your bank is not taxed and any money left in the health savings account at the end of the year stays in the bank account for the next year.
Who is Eligible for a HSA?

Anyone who purchases a HSA-Qualified Health Plan and can not be:

- Covered by any other health plan
- Claimed as a dependent on another person’s tax return
- Enrolled in Medicare
Who can set up an HSA?

✔ Your employer may offer a HSA option or you can start an account on your own through a bank or other financial institution. To qualify, you must be under age 65 and carry a high-deductible health insurance plan. If you have a spouse who uses your insurance as secondary coverage, he or she also must be enrolled in a high-deductible plan.

✔ This high-deductible health plan must be your only health insurance — you can't be covered by any other health insurance. However, having dental, vision, disability and long-term care insurance doesn't disqualify you from having an HSA.
Advantages of a HSA

✓ Your savings account funds roll over from year to year
  No “use it or lose it” philosophy
✓ Tax deduction for just saving money
  100% tax deductible contributions
✓ Portability
  Your savings account money follows you even when you terminate or change your health insurance coverage
✓ Long-term investment opportunities
  (Not FDIC insured)
Advantages of a HSA

- You decide how much money to set aside for health care costs – your employer or your health insurance carrier is involved
- You decide how your HSA money is spent
- Your employer may contribute but you own the account and the money is yours even if you change jobs
- If you are generally healthy and want to save for future health care expenses, an HSA can be a great choice
- If you are near retirement, a HSA makes sense because the money in the account can be used to offset costs of medical care after retirement
Potential disadvantages to health savings accounts

- Illness can be unpredictable, making it hard to accurately budget for health care expenses.
- Information about the cost and quality of medical care can be difficult to find.
- Some people find it challenging to set aside money to put into their HSAs. People who are older and sicker may not be able to save as much as younger, healthier people.
- Pressure to save the money in your HSA might lead you to not seek medical care when you need it.
- If you take money out of your HSA for non-medical expenses, you'll have to pay taxes on it.
HSA Facts

- You must be insured with a High Deductible HSA-Qualified health plan to open and fund a health savings account with your bank.
- The health savings account is totally separate from the high-deductible insurance policy.
- You must pay premiums on your insurance policy in addition to making contributions to your health savings account.
What are Qualified Medical Expenses?

The following are included as qualified medical expenses by an HSA account holder or the account holder’s spouse or dependents:

- Doctor and hospital visits
- Medical equipment
- Dental care, braces, dentures
- Vision care, glasses, contacts
- Prescriptions and many over-the-counter medications
- Medical related transportation


Other Qualified Medical Expenses

- Premiums for long-term care insurance
  - Limited to amount listed in 213(d)(10) of the Internal Revenue Code until you reach a specific age

- Premiums for individuals over age 65
  - Retirement health benefits
  - Medicare supplement premiums
2014 Contribution and Out-of-Pocket Limits for Health Savings Account (HSA) and for High-Deductible Health Plans (HDHP)

| HSA Contribution Limit (Employer + Employee) | Individual: $3,300  
                                             | Family: $6,550 |
| HDHP Minimum Deductibles                    | Individual: $1,250  
                                             | Family: $2,500 |
| HDHP Maximum Out-of-Pocket Amounts* (Deductibles, co-pays, and other amounts but not premiums) | Individual: $6,350  
                                                   | Family: $12,700 |

*Please refer to the Summary of Benefits and Coverage for your plan limits.