



# Health Savings Account Frequently Asked Questions

(FAQS)

## **WHAT IS AN HSA?**

A Health Savings Account that allows you and your employer to contribute pre-tax money to be used for qualified medical expenses. HSAs must be linked to a high-deductible health insurance plan (HDHP). HealthEquity is the 3<sup>rd</sup> party administrator of the Town's HSA.

## **WHO OWNS THE HSA?**

You do.

## **WHO IS ELIGIBLE FOR AN HSA?**

The requirements to be eligible to open and contribute to an HSA are:

1. Must be enrolled in a high deductible health insurance plan
2. Must have no other health insurance coverage (see IRS Publication 969)
3. Must not be enrolled in Medicare
4. Must not be claimed as a dependent on someone else's tax return

## **WHAT IS THE TOWN'S CONTRIBUTION TO THE HSA?**

Employee Only coverage - \$2,500 annually (\$1,200 on 07/01/13 then \$50 a paycheck)

Employee + Dependents - \$4,375 annually (\$1,775 on 07/01/13 then \$100 a paycheck)

## **CAN I CONTRIBUTE MORE THAN WHAT THE TOWN IS CONTRIBUTING?**

Yes up to the 2013 IRS limits.

Employee only coverage - \$750 annually in addition to the Town's contribution + \$1,000 catch-up if age 55 or older

Employee + Dependents - \$2,075 annually in addition to the Town's contribution + \$1,000 catch-up if age 55 or older

### **HOW OFTEN CAN I CHANGE MY EMPLOYEE CONTRIBUTION?**

*You may change your contributions at any time during the year by completing a contribution change form.*

### **I AM COVERED UNDER MY SPOUSE'S MEDICAL INSURANCE. DO I QUALIFY FOR THE TOWN'S HSA?**

*No. The IRS does not allow HSA participants to be covered by another individual's health insurance plan. Employees insured by spouses may participate in the Town's HDHP, but they are not eligible for the HSA or the Town's contribution.*

### **DO I PAY FOR THE FULL DOCTOR'S OFFICE VISIT WHEN I GO TO THE DOCTOR?**

*You're responsible to pay the amount your insurance has contracted to pay your doctor, typically a discounted rate, until your deductible is met. You can use your HSA for this expense.*

*It's best to have your doctor's office put the charge through to your insurance, so that you receive credit toward your deductible and know exactly what to pay. Some doctors may require that you pay up front, but most bill your insurance, and then bill you only once the claim has been processed. Make sure you don't pay more than your portion shown on the explanation of benefits you receive from your insurance carrier.*

### **WILL I HAVE A DEBIT CARD?**

*Yes*

### **WHAT IS A QUALIFIED MEDICAL EXPENSE?**

*Qualified medical expenses are those that would generally qualify for the medical and dental expenses income tax deduction as outlined in IRS Publication 502—Medical and Dental Expenses. For a complete list, visit: [www.healthequity.com/QME](http://www.healthequity.com/QME)*

### **CAN I USE MY HSA FOR EYE GLASSES, CONTACTS, OR LASIK SURGERY?**

*Yes. These expenses may not apply to your insurance deductible though.*

### **CAN I USE MY HSA TO PAY FOR DENTAL EXPENSES AND ORTHODONTICS?**

*Yes. These expenses may not apply to your insurance deductible though*

### **CAN I USE MY HSA TO PAY FOR VOLUNTARY COSMETIC SURGERY?**

*The HSA can be used for cosmetic surgery if prescribed by a physician and deemed being medically necessary.*

## **CAN I USE MY HSA TO PAY FOR MY SPOUSE'S OR CHILDREN'S HEALTH CARE EXPENSES?**

*Yes. Your HSA can be used to pay for qualified health care expenses of your spouse and any family member who qualifies as a tax dependent. Remember, if your spouse and/or dependents are not covered by your health plan, their expenses will not apply to your deductible.*

## **MY DOMESTIC PARTNER IS COVERED ON MY INSURANCE PLAN. CAN I USE MY HSA FOR MY DOMESTIC PARTNER'S MEDICAL EXPENSES?**

*If your domestic partner meets the IRS qualifications of a tax dependent, you can legally use your HSA funds for his/her medical expenses.*

## **WILL I LOSE MY HSA BALANCE AT THE END OF THE YEAR?**

*No, once money is in your HSA, it is yours and will not be forfeited at the end of the year. Your balance will roll over year after year. The HSA is your money—even if you leave your employer, retire, or change health plans.*

## **WHAT HAPPENS TO THE MONEY IN MY HSA IF I LEAVE MY JOB OR RETIRE?**

*You take that money with you wherever you go. The HSA is in your name. It's your account. If you're on Medicare or go to another employer that doesn't have a qualified HDHP, you can still use your HSA money to pay for co-pays and qualified medical expenses, but won't be able to continue to make contributions to your HSA unless you're covered by a qualified HDHP and aren't on Medicare.*

## **I'M RETIRED. CAN I STILL CONTRIBUTE TO MY HSA?**

*Yes, provided you're covered by a qualified HDHP and aren't on Medicare.*

## **IF MY SPOUSE IS ON MEDICARE, CAN I CONTRIBUTE TO AN HSA?**

*Yes. As long as you're not enrolled in Medicare yourself and are still enrolled in a qualified HDHP, you can contribute to your HSA.*

## **CAN I TAKE THE MONEY OUT OF MY HSA ANY TIME I WANT?**

*Yes. You can take money out anytime tax-free and without penalty as long as it's to pay for qualified medical expenses. If you take money out for other purposes, however, you'll have to pay income taxes on the withdrawal plus a 20% penalty.*

## **CAN I USE THE MONEY IN MY HSA FOR NON-MEDICAL EXPENSES?**

*Yes. If you do though, and are under 65, you'll be taxed on the money you use and assessed a 20% penalty. Once you're 65, you'll be taxed for moneys used for non-medical expenses, but won't pay a penalty.*

## **CAN I ACCESS MY HSA ONLINE?**

*Yes. You can log in to your account anytime at [www.myhealthequity.com](http://www.myhealthequity.com) . You can see your account balances, HSA debit card balance, claim transactions, and more online. You can also pay providers, request reimbursements, and manage your personal information. Simply visit [www.myhealthequity.com](http://www.myhealthequity.com) or your specific member portal.*

## **HOW DO I CONTACT HEALTHEQUITY?**

*You can call HealthEquity Member Services 24/7/365 at the number listed on your debit card or account statement. HealthEquity is the nation's oldest and largest dedicated health savings trustee. We help individuals and families build health savings, while empowering employers to spend less on benefits through innovative, integrated health care account administration and investment platforms, all backed by 24/7/365 service, personalized savings strategies and consumer education.*

## **HOW DO I ACCESS MY HEALTHEQUITY HSA ONLINE?**

*You can log in to your account anytime at [www.myhealthequity.com](http://www.myhealthequity.com) at any time.*

## **DOES THE MONEY IN MY HSA EARN INTEREST?**

*Yes, and tax-free. HealthEquity calculates, compounds, and credits interest monthly based on the applicable rate for different tiers of the account balance. For current rates see the interest rate page in the HealthEquity online resource center.*

## **CAN I INVEST THE MONEY IN MY HSA?**

*Yes. Similar to an IRA, many HSAs let you choose to invest your account balance in stocks/bonds, mutual funds, CDs, and/or annuities. With your HealthEquity® HSA, you can typically invest in pre-selected mutual funds after you reach a \$2,000 balance in your account. (Note: Your account may have a different minimum balance. Check your plan details or call your dedicated HealthEquity Member Services line or 866.346.5800 for more information.)*

## **IS MY HSA FDIC-INSURED?**

*Yes. However, eligible monies in investments are not FDIC-insured.*

### ***CAN I ROLL THE MONEY FROM MY IRA INTO MY HSA?***

*Yes. You can make a one-time rollover from your IRA into your HSA. You can't, however roll money into your IRA from your HSA. Note that a rollover will count against annual contribution amounts. For more information, call your dedicated HealthEquity Member Services line or 866.346.5800.*

### ***WHO CAN MAKE A DEPOSIT TO MY HSA?***

*Anyone can contribute to your HSA, however, only you and your employer (if applicable) receive tax deductions on contributions. When you contribute through payroll deductions, your contributions are pre-tax.*

### ***CAN I SPEND MY HSA DOLLARS ANY TIME?***

*Yes. You can withdraw your HSA funds at any time, tax-free, and without penalty when you are paying for qualified health care expenses. If you withdraw funds for non-qualified expenses, you will pay income tax plus a 20% penalty.*



Tel: 800.718.8328 Web: [www.apehp.org](http://www.apehp.org)