



Most Frequently Asked Questions about HSAs

Q: What is a High Deductible Health Plan (HDHP)?

A: An HDHP allows you to take control of your healthcare spending by paying less in premium and only paying for services if and when you need them.

Q: How do I meet my HDHP deductible?

A: All covered expenses apply to the deductible including office visits and prescription drugs. If you are using network providers, you will get the benefit of the network discount.

Q: What is a Health Savings Account?

A: An HSA is a special type of bank account that allows you to save for your deductible expenses and other IRS qualified health expenses not covered under your HDHP. Make sure the money in your HSA is being use for qualified expenses per IRS requirements.

Q: Why would I want an HDHP and HSA?

A: It gives you a broad range of benefits: an HSA account saves you money on taxes; the money belongs to you; the account balance can build over time; it's an investment opportunity once your HSA reaches a certain balance; it covers expenses beyond the health plan; and it's easy access to account funds—all you need is your HSA debit card.

Q: Why wouldn't I be able to participate?

A: In addition to the HDHP requirement the IRS has established other rules about contributing to an HSA. You are not able to participate in an HSA if:

- You are covered by other insurance such as a spouse's plan that is not a HDHP or another plan that pays for medical expenses including Flexible Spending Accounts, Health Reimbursement Accounts, etc.
- You are enrolled in Medicare.
- You can be claimed as a dependent on another person's tax form.

Q: How is the HSA funded?

A: When you enroll in the HDHP, you have the opportunity to make a payroll deduction election into your HSA. This amount will be deducted from your paycheck and deposited into your account automatically.

Q: Can I make contributions another way?

A: Yes, you may make contributions via personal check. Reach out to your HR representative or the bank to understand additional ways you can make contributions to your account.



Q: How much can I contribute to the HSA?

A: Annual Contributions (deposits into your HSA account) are limited to the IRS maximums. For 2024, those maximums are \$4,150 for individual coverage and \$8,300 for family coverage. Individuals who are over age 55 are eligible to make “catch-up” contributions of \$1,000 in 2024.

Q: Do I have to contribute to the HSA?

A: No, you do not have to contribute to the HSA. There will still be a premium payroll deduction for the HDHP.

Q: Can I change my contributions during the year?

A: Yes, you may change your contribution amount during the plan year by notifying Human Resources.

Q: What happens if I contribute more than the limit?

A: The IRS imposes taxes and a penalty on excess contributions. Also, you have to pay tax on the interest earned on excess contributions. Rollovers from another HSA do not count as excess contributions.

Q: Does the money I contribute need to be in my HSA before I use it?

A: Yes, you may only deduct/withdraw funds that have accrued in the account. If you have an expense that is more than the amount in your HSA account, you will need to pay the remaining cost out of your pocket.

Q: What do I do when I have a qualified expense and want to use my HSA?

A: There are a couple of steps to take when you need to use your HSA:

- Save your receipts every time you use your debit card to pay for an eligible expense or make a withdrawal to “pay yourself back” for an eligible expense that you have paid for out of your own pocket. The IRS may ask you to verify the expense if you are ever audited.
- At the pharmacy you may swipe your HSA debit card and the available funds will be taken out of your account automatically. It may be beneficial for you to compare prescription drug prices at various pharmacies. The insurance carrier has different contracted amounts with each pharmacy and you may have the opportunity to save money depending on where you buy your prescription drugs.
- At the doctor’s office, tell the staff that you do not have an office copay, but you may need to have a small amount of money on hand just in case your doctor’s office requires a small down payment. The doctor’s office will submit the claim to the insurance carrier and the



insurance carrier will apply the appropriate in-network discount. When you get the bill from your doctor’s office, match it up with the explanation of benefits (EOB) from your health insurance carrier, to ensure you are being billed the discounted amount. You may pay the bill with your HSA debit card or you may pay by cash, check or credit card and make a withdraw from your HSA account to “pay yourself back” for your out-of-pocket expenses.

Q: What if I don’t want to use my HSA funds?

A: You have the choice to use or not use your HSA funds for your qualified expenses. Some people make the choice to pay for their expenses out of their pocket (if affordable) and save the money in their HSA account to build a nest egg of money over time. After the age of 65, you are not penalized for using the funds in your HSA non-qualified expenses.

Q: Do I have tax reporting requirements for my HSA?

A: Yes, you are required to complete Tax Form 8889-SA when you do your taxes. In order to complete this form out accurately, you will need your W-2, 1099-SA and 5498-HS. The 1099-SA gives you a summary of the withdrawals that you have made out of your HSA and the 5498-HS gives you a summary of the contributions that you have made. Both of these forms will be sent to you from the participating bank.

Q: What happens to my HSA if I change employment?

A: You own your HSA and the money in it from day one. If you leave your current employer, you are still able to use the HSA money for qualified expenses. The only way you can continue to make contributions to your HSA is if you are enrolled in an HDHP.

