Frequently Asked Questions
High-deductible health plans (HDHP) and health savings accounts (HSA)

What is a qualified high-deductible health plan (HDHP)?
A qualified HDHP typically offers lower premiums in exchange for higher deductibles and out-of-pocket maximum amounts.

This type of plan generally eliminates copayments. Instead, you pay the full cost for medical expenses like doctor visits, emergency care and prescriptions — until you reach your deductible. Once you reach this limit, your plan pays benefits.

A qualified HDHP allows you to open a health savings account (HSA). HSA contributions can be used to pay for qualified medical expenses, generally, tax-free.

For 2018, a qualified HDHP must meet the following specifications to be considered qualified:

- A deductible of at least $1,350 for single and $2,700 for a family plan.
- An out-of-pocket maximum of no more than $6,650 for a single plan and $13,300 for a family plan.
- No costs covered (except preventive services) before the deductible is met.

What is a health savings account (HSA)?
A savings account used to set aside pre-tax money to pay for qualified medical expenses. You must be enrolled in a qualified HDHP to open and contribute to an HSA.

Am I qualified for an HSA?
To open an HSA, you:

- Must be covered by a qualified HDHP.
- Cannot be covered by other non-qualified insurance coverage.
- May not be entitled to Medicare benefits.
- May not be claimed as a dependent on someone else’s tax return.

Can I have coverage under a qualified HDHP and another health plan — and still be eligible for an HSA?
Both health plans must be qualified HDHPs in order for you to be eligible for an HSA.

Can I have an HSA and a flexible spending account (FSA)?
If you have an HSA, you may only have a limited-purpose FSA.

In addition to my qualified HDHP, are there any other types of health coverage I can have — and still have an HSA?
You may also have these types of coverage:
• Insurance where most of the coverage relates to workers’ compensation laws, lawsuits, property ownership, or use of property (such as automobile insurance).
• Insurance for a specified disease or illness, like a cancer policy.
• Insurance paying a fixed amount per day (or other period) of hospitalization.
• Coverage (whether through insurance or otherwise) for accidents, disability, dental care, vision care, or long-term care.
• Employee assistance program (EAP), disease management, and/or wellness programs.
• Coverage for drug and/or health care discount cards.
• Eligibility for VA benefits unless you have received VA health benefits in the last three months.

Who can contribute to an HSA?
You, your employer and/or any other person can collectively make contributions up to the maximum annual limit. Contributions made by family members or other individuals may be subject to applicable gift taxes.

How do I set up an HSA?
First, you must enroll in a qualified HDHP. Generally, once you are enrolled, the plan will send you an information packet in the mail that includes banking forms for you to complete and return. The HSA administrator will then set up your HSA account.

Who decides which financial institution administers my HSA?
Generally, you may choose the financial institution that will administer your HSA.

How do I contribute to my HSA?
You may contribute to your health savings account (HSA) through payroll deductions, by authorizing funds to be electronically transferred from your bank account, or with a lump sum contribution at any time, in any amount, up to the maximum annual limit.

Is there a minimum contribution required to open a health savings account?
Minimum contributions vary by financial institution.

When do contributions to my HSA become available for withdrawal?
HSA contributions are available for withdrawal as funds are deposited.

What can I pay for with my HSA?
The money in your HSA can be used to pay for qualified medical expenses, including doctor visits, emergency care, prescriptions and some over-the-counter items. Learn more about allowable expenses from the Internal Revenue Service.

Can I use my HSA contributions to pay for non-health care related expenses?
If you withdraw money from your HSA for items other than qualified health care expenses, it will be subject to income tax. If you are under 65 years of age, you will also pay an additional 20 percent penalty on the amount withdrawn.

How do I withdraw money from an HSA?
Depending on the financial institution with which you choose to set up your HSA, you can usually use an HSA debit card or pay online.
Are HSA contributions tax-deductible?
Yes, contributions you make with pre-tax dollars are not considered taxable income. You may deduct any post-tax contributions you make to your HSA, from your taxable income on your tax return.

What happens to remaining HSA contributions at the end of the year?
Any unused contributions in an HSA automatically roll over to the next year and can accumulate without a maximum cap.

Can the money in an HSA earn interest?
Yes, HSA contributions can earn interest and can also be invested. Contributions and earnings are generally not subject to taxes. Eligibility guidelines for earning interest or investing, minimum account balances, and interest rates vary by financial institution.

How much can I contribute to an HSA?
You may contribute up to the annual limit set by the IRS. (The 2018 annual limit for an individual is $3,400 and $6,900 for a family.)

Can I make "catch-up" contributions to an HSA?
If you are 55 or older, or reach the age of 55 during the calendar year, you can make "catch-up" contributions to your HSA (annual maximum is $1,000).

What happens to my HSA if I leave my health plan or job, or switch to a traditional plan?
You personally own your HSA, so you keep your account. However, if you contribute the maximum allowable limit to your HSA and you leave the qualified HDHP during the year, you may have to back out some account contributions. You must pay income tax on your excess contributions and on any earnings of the excess contributions. Penalties may also be assessed on these amounts if not corrected before the April 15 tax deadline for the affected tax year. You should check with your HSA administrator for proper handling of these contributions to avoid penalties.

In the event of my death, what happens to the money in my HSA?
Your HSA contributions would pass to your surviving spouse or named beneficiary, generally, tax-free. If you are unmarried and do not have a named beneficiary, the money is disbursed to your estate and is subject to taxes.

Am I required to contribute to my HSA account each year?
You are not required to contribute to your HSA account. However, your financial institution may have requirements — such as a minimum balance — to maintain your HSA.

Do I need to keep receipts of my medical expenses?
You should always keep your receipts for any medical expenses. You may need receipts for tax purposes or to show that your disbursements were for qualified medical expenses.

What if I switch to a qualified HDHP mid-year? Can I still contribute the full amount to my HSA?
You're eligible to contribute up to the maximum annual limit, as long as you enroll in a qualified HDHP by Dec. 1. You must also remain eligible (enrolled in a qualified plan) during the testing period. The testing period is 13 months beginning with December of the year for which those contributions were made and ending on the last day of the following December (example: Dec. 1, 2018 – Dec. 31, 2019).