

Key Points About Health Savings Accounts

When you enroll in a High Deductible Health Plan, you have the ability to contribute to a Health Savings Account to help cover the deductible expenses.

Advantages

- Money goes in before-tax and comes out tax-free.
- You're better protected against catastrophic health care expenses.
- Preventive care is often covered at a higher rate in a High Deductible Health Plan.
- Money you don't use carries over to the next year and earns interest. You don't have to "use it or lose it."
- Your account goes with you if you change jobs.
- You may have fund investment options after your Health Savings Account reaches a certain balance.
- Employees who are age 55 to 65 can make extra "catch-up" contributions above the annual contribution limit.

Special Rules

To establish a Health Savings Account:

- You must be covered by a High Deductible Health Plan, as defined by the Internal Revenue Service (IRS).
- You and your dependents can't be enrolled in any other medical plan that is not a High Deductible Health Plan.
- If you contribute to a Health Savings Account, you will not be eligible to contribute to your Health Care Spending Account.
- You pay the full costs of your claims up to your plan deductible.
- You may not be enrolled in Medicare.
- Prescription drugs are paid at the full cost up to the deductible--meaning you do not pay a copay.
- You can only be reimbursed for expenses incurred after your Health Savings Account has been funded.
- Some states currently tax residents on Health Savings Account contributions.