HUB International

H S A ‘s (and HDHP’s)

“in a Nutshell”
2012

HSA’s are actually a 2 component arrangement of:

A) A qualified High Deductible Health insurance Plan (HDHP) and

B) A Health Savings Account.

One can have ‘A’ without ‘B’ but not ‘B’ without ‘A’.

HDHP’s differ from existing PPO plans in the following ways:

- HDHP has no copays (office visit or prescription drugs).
- All covered services go toward the deductible including office visits and Rx drugs.
- Office visits and Rx drugs will be charged at carrier negotiated discounted retail prices with paid amounts going toward the deductible.
- If more than one person covered, deductible becomes family (2x individual) with all family members’ covered services going toward one family deductible.

HSA’s:

- Contributions can be made to the maximum of $3,100 for an individual or $6,250 for a family each year <u>regardless</u> of your deductible.
- For an expense to be eligible for reimbursement, the HSA must be opened prior to the expense occurring.
- You may contribute the annual maximum in a calendar year, regardless of when your coverage begins, as long as you are covered for the next 12 months.
- Interest earned on contributions is tax deferred.
- Distributions from an HSA for qualified medical expenses are not taxable.
- There are no time limits for reimbursements.
- Over-the-Counter (OTC) drugs, medicines and biologicals will no longer be reimbursable through your HSA plan without a prescription.
- Vision and dental services are qualified medical expenses.
- Unused funds roll over each year.
- Distributions made for other than qualified medical expenses are subject to income tax on that amount and a 20% penalty.
- Anyone covered under *Medicare* cannot contribute.
- Anyone covered under FSA/MERP/HRA’s, a non-HDHP policy or through the Military-cannot contribute.
- If you are a veteran, you may not have received veteran’s benefits within the last three months.
- Catch-up Contribution (55+ years old) $1,000

Administration:

- HSA’s are owned by the employee regardless of where funding comes from.
- Appropriate distribution of funds is the sole responsibility of the employee.
- Contributions can be employee money, employer money or any combination.
- Contributions can be a lump sum or made monthly, funded up front or in arrears.