

HEALTH SAVINGS ACCOUNTS

TIPS FOR UNDERSTANDING YOUR PLAN



QUESTIONS AND ANSWERS

QUESTIONS	ANSWERS									
What is a health savings account (HSA)?	An HSA is a medical savings account that you contribute to tax free. You can use an HSA to pay for qualified (approved) medical expenses.									
What should I know about an HSA?	<ul style="list-style-type: none"> ■ Money in your HSA belongs to you. If you change employers or health plans, you can keep your account where it is, or roll it over into another HSA. ■ Any unused balance rolls over from year to year. ■ Some HSAs allow funds to be invested or earn interest. Any earnings are tax deferred. For more information, check with your HSA administrator. ■ If your employer allows it, you can have money deducted from your paycheck and deposited into your HSA. This helps you save on payroll taxes. ■ After age 65, you can use your HSA funds for any purpose without a penalty, but you'll pay taxes on the amount if you use HSA funds for a non-medical expense. If you die, funds in your HSA go to your beneficiary. ■ You can find detailed information about HSAs in IRS Publication 969 on IRS.gov. 									
Who can open an HSA?	<p>To open an HSA:</p> <ul style="list-style-type: none"> ■ You must be enrolled in a high-deductible health plan that meets IRS requirements for deductibles and out-of-pocket maximums. For 2021, the amounts are: <table border="1" data-bbox="665 1270 1344 1402"> <thead> <tr> <th></th> <th>Single coverage</th> <th>Family coverage</th> </tr> </thead> <tbody> <tr> <td>Minimum deductible</td> <td>\$1,400</td> <td>\$2,800</td> </tr> <tr> <td>Out-of-pocket maximum</td> <td>\$7,000</td> <td>\$14,000</td> </tr> </tbody> </table> <ul style="list-style-type: none"> ■ You can't be covered by another insurance plan that isn't a high-deductible health plan (for example, you can't be a dependent on anyone else's plan, except for vision or dental coverage). ■ You can't be enrolled in Medicare. ■ You can't be claimed as a dependent on someone else's tax return. 		Single coverage	Family coverage	Minimum deductible	\$1,400	\$2,800	Out-of-pocket maximum	\$7,000	\$14,000
	Single coverage	Family coverage								
Minimum deductible	\$1,400	\$2,800								
Out-of-pocket maximum	\$7,000	\$14,000								
Who can contribute to the account?	You and/or your employer can contribute to your HSA.									
How does it work?	You are the account holder. You set up your account and decide how much to contribute, up to the limit the IRS sets. You then pay for qualified medical expenses using funds from your account.									
Can I manage my account online?	Yes. When you open an HSA, you'll receive more information about how to access your account online.									
What if a bill is bigger than my HSA balance?	If you spend all the money in your HSA and have additional health care expenses, you'll need to pay for them with other funds.									
Can I use my account for non-medical expenses?	Possibly, but if you're under age 65, you'll pay a 20 percent penalty on the amount you withdraw. You'll also need to report the amount on your income tax return.									

QUESTIONS	ANSWERS
What expenses can I pay from my account?	<p>You can pay for:</p> <ul style="list-style-type: none"> ■ Your deductible, coinsurance and copayments ■ Prescription drug copays ■ Over-the-counter medications (with or without a prescription) ■ Dental expenses ■ Orthodontic expenses ■ Vision expenses, including laser eye surgery ■ Hearing exams and hearing aids/batteries ■ Menstrual care products <p>For a complete list of eligible expenses, see IRS Publication 502 on IRS.gov. When you spend HSA funds, always save receipts and insurance statements for your tax records.</p>

ACCOUNT COMPARISON

Below is a comparison of the different types of accounts you can use to pay for health care or dependent care expenses. (Your employer may not offer all four types of accounts.)

		HEALTH SAVINGS ACCOUNT	HEALTH REIMBURSEMENT ACCOUNT	FLEXIBLE SPENDING ACCOUNT	
				MEDICAL	DEPENDENT CARE
Who funds the account?		Employer and/or employee	Employer	Employee (and sometimes the employer)	Employee
2021	Contribution limit	\$3,600 (single) ¹ \$7,200 (family) ¹ Persons 55 and older can contribute an additional \$1,000	No limits	\$2,750 per calendar year ¹	\$5,000 per calendar year ¹
Eligible expenses		Deductibles, coinsurance, copays and IRS 213(d) expenses ²	Determined by your employer	Deductibles, coinsurance, copays and IRS 213(d) expenses ²	Child or other dependent care-related expenses
Can unused funds carry over?		Yes	Determined by your employer	Determined by your employer	No
Yours if you change jobs/retire?		Yes	No	No	No
Earns interest or can be invested?		Yes, if your account offers this option – check with your HSA administrator	No	No	No

¹ The IRS sets these amounts and adjusts them as needed for cost of living.

² See IRS Publication 502 on [IRS.gov](https://www.irs.gov).



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