

High Deductible Health Plan/Health Savings Account (HSA) FAQ's

What is a High Deductible Health Plan?

A High Deductible Health Plan (HDHP) is a new health plan product, when combined with a Health Savings Account (HSA), provides insurance coverage and a tax-advantaged way to help save for future medical expenses. The HDHP/HSA gives you greater flexibility and discretion over how you use your health care dollars.

What is a Health Savings Account?

An HSA is a tax-sheltered trust account you own for the purpose of paying qualified medical expenses for yourself, your spouse, and your dependents.

If you have an HDHP/HSA and go to the doctor for a visit, not preventive service, on the day the plan coverage begins, are you charged the typical co-insurance for the visit or are you responsible for paying the full doctor charge as if you had no insurance?

You are responsible for the full amount until you meet your deductible, then co-insurance applies.

Who is eligible for a Health Savings Account?

To be eligible for a Health Savings Account, an individual must be covered by a HSA-qualified High Deductible Health Plan (HDHP) and must not be covered by other health insurance that is not an HDHP.

Which company can administer my HSA?

You can decide which company will administer your HSA and what type of investments you can make with your account once it is established. Any investment allowed for IRAs is allowed for HSAs but you need to verify the financial institution of your choice offers HSAs.

Are there any fees associated with the Health Savings Account?

Yes, there are administrative fees which are based on the individual HSA program guidelines established by your chosen financial institution.

I'm on Medicare, can I have an HSA?

You are not eligible for an HSA after you have enrolled in Medicare. If you had an HSA before you enrolled in Medicare, you can keep it. However, you cannot continue to make contributions to an HSA after you enroll in Medicare.

How will an HSA plan save me money?

An HSA plan may save you money through lower premiums, tax savings, and money deposited in your account which can be used to pay your deductible and other out-of-pocket medical expenses in the current year or in the future.

Can I get an HSA even if I have other insurance that pays medical bills?

You are only allowed to have automobile, dental, vision, disability and long-term care insurance at the same time as an HDHP. You may also have coverage for a specific disease or illness as long as it pays a specific dollar amount when the policy is triggered. Wellness programs offered by your employer are also permitted if they do not pay significant medical benefits.

Does the HDHP policy have to be in my name to open an HSA?

No, the policy does not have to be in your name. As long as you have coverage under the HDHP policy, you can be eligible for an HSA (assuming you meet the other eligibility requirements for contributing to an HSA). You can still be eligible for an HSA even if the policy is in your spouse's name.

My employer offers an FSA, can I have both an FSA and an HSA?

You cannot have both a FSA account and a HSA account if the FSA account is eligible to pay for any of your medical expenses before you HDHP deductible is met.
(Participants in the NGCSU FSA are not eligible for a HSA.)

My spouse has an FSA or HRA through their employer, can I have HSA?

You cannot have an HSA if your spouse's FSA or HRA can pay for any of your medical expenses before your HDHP deductible is met.

Can the unused funds in my HSA be rolled over each year?

Yes. Your funds will accumulate without a maximum cap. However, the annual limit you can contribute to the HSA may not exceed the maximum contribution amount set by the IRS , plus "catch up" contributions for those ages 55 to 65.

Where can I invest the money in my HSA?

You can invest the money in your HSA in bank accounts, annuities, certificates of deposits, stocks, bonds, mutual funds, certain types of Bullion or Coins (please see section 408(m)(3) of the IRS Code). However, your HSA custodian or trustee may offer only some of these types of investments.

Can I use my HSA to pay for non-health-related expenses?

Yes. You may withdraw money from your HSA for items other than qualified health expenses, but it will be subject to income tax and, if you are under 65 years old, an additional 10 percent tax penalty on the amount withdrawn.

I am a Veteran, can I have an HSA?

If you have received any health benefits from the Veterans Administration or one of their facilities, including prescription drugs, in the last three months, you are not eligible for an HSA.

I'm active-duty military and have Tricare coverage, can I have an HSA?

At this time, Tricare does not offer an HDHP options so you are not eligible for an HSA.

I don't have a job, can I have an HSA?

Yes, if you have coverage under an HDHP. You do not have to have earned income from employment – in other words, the money can be from your own personal savings, income from dividends, unemployment or welfare benefits, etc.

Does my income affect whether I can have an HSA?

There are no income limits that affect HSA eligibility. However, if you do not file a federal income tax return, you may not receive all the tax benefits HSAs offer.

I'm a single parent with HDHP coverage but have child/relative that can be claimed as a dependent for tax purposes, and this dependent also has non-HDHP coverage. Am I still eligible for an HSA?

Yes, you are still eligible for an HSA. Your dependent's non-HDHP coverage does not affect your eligibility, even if they are covered by your HDHP.

Can I start an HSA for my child?

No, you cannot establish separate accounts for your dependent children, including children who can legally be claimed as a dependent on your tax return.

I don't have health insurance, can I get an HSA?

You cannot establish and contribute to an HSA unless you have coverage under a HDHP.