

High Deductible Health Plans (HDHP) and Health Savings Account (HSA)

Frequently Asked Questions

What is an HSA (Health Savings Account)?

- It's a special tax-advantaged account that is used with the High Deductible Health Plan (HDHP). Adelphi will fund this HSA account with \$875 for individual coverage and \$1750 for family and ee+1 elections.
- This account allows you and your family to pay for various qualified health care expenses.
- You can also elect to contribute your own pre-tax contributions to this account. It earns interest tax-free.
- Funds are not taxed when withdrawn for qualified health care expenses. There are annual limits set by federal regulations on how much you can contribute, but your balances carry over year to year, earn tax-deferred interest, and belong to you even if you change employers.

Am I eligible to open an HSA (Health Savings Account)?

If you have a qualified High Deductible Health Plan (HDHP) - you can open an HSA. Additionally:

- You must have a valid Social Security Number (SSN) and a primary residence in the U.S.
- You must be covered by the qualified HDHP on the first day of the month.
- You can't be covered by any other non-HSA-compatible health plan.
- You can't be claimed as a dependent on another person's tax return.
- You can't be enrolled in Medicare.
- You can't be covered by TriCare.
- You can't have accessed VA medical benefits in the past 90 days (non-service related).

What are the advantages of opening up an HSA account?

In addition to any amounts funded by Adelphi, an HSA is a unique tax-advantaged account that you can use to pay for current or future IRS-qualified health care expenses. With an HSA, you'll have:

- A tax-advantaged savings account that you use to pay for IRS-qualified health care expenses such as deductibles, co-insurance, prescriptions, vision and dental care.
- Employee contributions to your HSA can be made with pre-tax dollars, which reduces your taxable income.
- HSA funds earn interest tax free and when used for IRS-qualified health care expenses are also free from tax.
- Unused funds roll over year to year. There is no "use or lose it" penalty.
- Potential to build more savings through investing. You can choose from a variety of HSA self-directed investment options once you reach the minimum balance required by your plan.

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- Additional retirement savings. After age 65, funds can be withdrawn for any purpose without penalty.

Which expenses are considered eligible?

You can pay for a wide range of IRS-qualified health care expenses with your HSA, including many that aren't typically covered by health insurance plans. This includes deductibles, co-insurance, prescriptions, dental and vision care, and more. For a complete list of IRS-qualified expenses, visit [irs.gov](https://www.irs.gov)

How do I utilize my HSA funds?

An HSA debit card will be mailed to you when you open your account. You can use it to make purchases wherever the card is accepted. Note that the card is restricted and may only be used at merchants who provide eligible health care services.

- **Online Bill Payment:** Access the HSA Bank customer website to add and manage payees and pay expenses directly from your HSA.
- **Checks:** The Choice Fund HSA also provides you with the option to receive checks to access your funds. Please call the number on the back of your HSA debit card to request an application. Please be aware that checkbook fees do apply.

Can I use my HSA funds for expenses that aren't IRS eligible?

You can receive tax-free distributions from your HSA to pay or be reimbursed for qualified health care expenses you incur after you establish your HSA. If you make withdrawals for other reasons, the amount you withdraw will be subject to income tax and may be subject to an additional 20% tax penalty. Please remember, just like a personal checking account, your funds carry over each year, and continue to accrue interest as long as they remain in the account. You do not have to make distributions from your HSA each year, and can save your funds for future expenses. After age 65, or once you are eligible for Medicare, or should you become disabled, funds can be withdrawn for any reason, but are subject to income tax. There is no additional excise tax after age 65. An HSA is another great way to save for retirement!

What if I don't use all of my funds within the year?

Unused HSA funds roll over year to year; there is no "use it or lose it" penalty. Funds that are rolled over continue to grow and earnings are tax free in most states. At age 65, you will have the ability to use your HSA funds for any purpose on a taxable basis. This makes funding your HSA a great way to save for retirement.



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Do I need to submit receipts for my expenses?

No. You do not need to submit any receipts to us or file any claims. Just be sure to use the money for IRS-qualified health care expenses and save your receipts for tax purposes. Using our online expense tracker, you can easily enter expense information and securely upload receipts and supporting documentation-all in one place for easy access and tracking.

What if I am no longer covered under a High Deductible Health Plan (HDHP)?

Your HSA funds are never lost due to changes in employment or health plan. If at some point you are no longer covered by an HDHP, you still have access to your funds and can use them to pay for IRS-qualified health care expenses; however you are no longer eligible to make contributions.

Are there limits to what I can contribute to an HSA?

Yes. The IRS determines the maximum amount (employer and employee) that can be contributed to an HSA for a calendar year. (\$4,150 individual/\$8,300 family, ee+1 for 2024) less employer contributions. Employees who are 55 years of age or older can contribute an additional **\$1,000** into their HSA account.

What do I do at tax time?

The IRS requires that HSA Bank report HSA activity to you and the IRS. You'll typically receive Form 5498-SA the month after the tax filing deadline. This form reports your contributions for the previous calendar year. This allows any contributions made after January 1st for the previous tax year to be included. Remember that contributions can be made until the federal tax filing deadline for the previous calendar year.

If you made distributions in the previous calendar year you will receive a form 1099-SA.

Using this information and the information available online, you will need to complete IRS Form 8889: Health Savings Accounts.