

Eligibility

A Health Savings Account, commonly known as an “HSA,” is an individual account you can open, add money to, and spend on eligible health care expenses. Using your HSA to pay for health expenses encourages you to be more involved in your health care decisions. An HSA is unique because you’ll receive a tax credit for any money you add to the account, investment earnings are not taxed, money spent on eligible expenses is not taxed, and the money rolls over year to year. You own the account and you control how money is spent.

In order to open an HSA, you must be covered by health insurance that meets the definition of a High Deductible Health Plan (HDHP). **The DSRA-BT BRONZE and COPPER medical plans are the only plans that meets these requirements.**ⁱ Each year, the government sets deductible and out-of-pocket limits for HDHPs. You may not be covered under any other traditional health insurance (like a PPO), Medicare, Medicaid, or Tri-Care. The HDHP will provide 100% coverage for preventive services, but otherwise, you must meet the plan deductible before your health insurance begins to pay for services.



2020 IRS Annual Minimum Deductible

Individual \$1,400
Family \$2,800

2020 IRS Annual Maximum Out-of-Pocket

Individual \$6,900
Family \$13,800

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



I am covered by a High Deductible Health Plan (HDHP). I am not enrolled in Medicare and I do not have any other coverage through my spouse.

YES, as long as the HDHP meets the definition set by the IRS of an HSA-qualified plan. The DSRA-BT BRONZE and COPPER medical plans meet these requirements.



I am enrolled in Medicare.

NO. If you are enrolled in Medicare, you may not open an HSA. If you previously opened an HSA, you are able to spend that money, but cannot add additional money.



I am 65 years old and eligible for Medicare, but have decided to wait to sign up. I am currently covered by a HDHP.

YES. Since you aren’t currently enrolled in Medicare and have an HSA-qualified HDHP, you can open an HSA.

ⁱ The DSRA-BT **Gold** and **Silver** medical plans are not qualified High Deductible Health Plans and not eligible to use with a HSA.



I am covered by Tricare.

NO. At this time, Tricare does not offer a qualified HDHP. Therefore, if you are covered by Tricare, you cannot open an HSA.



I am enrolled in Medicaid.

NO. You cannot open an HSA if you are currently enrolled in Medicaid. Medicaid is not a qualified HDHP.



I am covered under my spouse's plan.

MAYBE. If the plan is a qualified HDHP, you can open an HSA.



I am already enrolled in an HSA, but my spouse would also like to join it. Can we have a joint HSA?

NO. HSAs are individually owned accounts.

Financial Institutions

Once you are covered by a HDHP you may set up your HSA. It is your responsibility to open your HSA and you choose where. Many banks and credit unions now offer HSAs. You should check with your local bank or credit union to see if that is an option. Be sure and ask about fees (set up, maintenance, ATM), since they can differ quite a bit among HSA providers. What kind of account reporting will you get? Will you have a debit card, checks and ATM access to get money out of your account? If you are able to accumulate money in your HSA, your HSA provider may offer investment options, but find out if there are minimum account balances and transaction fees.

Once you set up your HSA, you can begin making deposits into your account by check or cash. Keep track of your contributions so that you can deduct them from your income tax return.

It is important to get your HSA set up as quickly as possible since you can't turn in expenses that you had before the account was set up.

What should I look for in an HSA financial institution?

When researching HSA financial institutions, there are several things that you will want to consider. For example:

FEES

- Is there a set up fee?
- Is there a monthly maintenance fee?

DISTRIBUTION ACCESS

- Will I be issued a debit card or checks?
- Will I be able to access my funds via an ATM?

INTEREST RATE

- Will my money gain interest over time?



INVESTMENTS

- Can I invest my money?
- Is there an account minimum?
- What investment funds are available?

ONLINE ACCESS

- Will I be able to access my funds online?

REPORTING

- What type of statements will I receive? How often?



Don't know where to start? Contact your bank or financial institution to see if they offer Health Savings Accounts.

Contributions

The government sets the annual dollar maximum that can be made to an HSA depending on the level of coverage you have under your health insurance. Coverage of two or more people is considered family coverage. People who are age 55 or older can make additional catch-up contributions.



2020 IRS Annual Contribution Limits

Individual	\$3,550
Family	\$7,100
Catch-Up	\$1,000

How do I add money to an HSA?



What are the rules on adding money to an HSA?

You may contribute money into your HSA up to the annual IRS allowable maximum.



Can the money in an HSA be invested?

YES. The same types of investments permitted for IRAs are allowed for HSAs, including stocks, bonds, mutual funds, and certificates of deposit.



Who has control over the money invested in an HSA?

As the account holder, you control how the money is invested. You can also choose not to invest your money.



Will the bank notify me if I've exceeded my allowable contribution amount?

NO. It is your responsibility to keep track of the amounts deposited and spent from your account, just like a normal savings or checking account.



I just started a new job and have enrolled in the HDHP plan; however, it is in the middle of the plan year. Can I still contribute the full annual amount to my HSA?

YES. As long as you are covered by a HDHP by December 1st of the current plan year and remain covered by a HDHP during the entire following year, you may contribute the full annual amount.



How much can I contribute if I elect the DSRA-BT BRONZE or COPPER medical plan?

The level of coverage in the BRONZE or COPPER plan determines your HSA contribution amount. If you have single coverage, you can contribute up to the single HSA maximum. If you have family coverage (i.e. if you elected Two-Person or Family), you can contribute up to the family maximum, regardless of whether the additional family members are also covered by a non-HDHP.

Qualified Expenses

The money in your HSA must be used for eligible medical, dental, vision, and prescription drug expenses. Below are some examples of eligible expenses.

MEDICAL

- Out-of-pocket expenses (like deductibles, coinsurance)
- Hospital, lab, and diagnostic services
- Diabetic supplies
- Acupuncture
- Chiropractic care
- Medical alert bracelet
- Smoking cessation programs
- Prescribed weight loss programs
- Osteopath fees
- Prescription drugs

DENTAL

- Artificial teeth
- Dental treatment (like cleanings, fillings, extractions, orthodontics)
- Orthodontia

VISION

- Contact lenses, eyeglasses, and reading glasses
- Eye exams
- Laser eye surgery
- Eye drops (prescription or over-the-counter with a prescription)
- Prescription sunglasses



For a complete list of eligible expenses, visit the IRS website at www.irs.gov (keyword search: eligible medical expenses).

What are eligible expenses?



Who decides whether the money I'm spending from my HSA is for a "qualified health care expense"?

You are responsible for spending your HSA money on qualified health care expenses. To view a complete list of eligible expenses, visit the IRS website at www.irs.gov.



I have an HSA but no longer have HDHP coverage. Can I still use the money for medical expenses tax-free?

YES. You can use money from your HSA to pay for qualified medical expenses for yourself, your spouse, or a dependent without tax penalty. There is no time limit on using the money.



Can I use my HSA to pay for medical expenses I had before I set up my account?

NO. If you have not yet set up your account, we recommend you do so as soon as possible.



Can I use my HSA to pay for medical care for a family member?

YES. You can use your HSA money to pay for the qualified medical expenses for yourself, your spouse, or a dependent without tax penalty, even if s/he is not covered by a qualified HDHP.



Can I use my HSA to pay for medical services provided in other countries?

YES. Make sure, however, that the medical services you are receiving are eligible health care expenses. Elective surgery, for example, may not be considered a health care expense.



Can I pay my health insurance premiums with my HSA?

MAYBE. You can only pay your health insurance premiums with money from your HSA if you are collecting federal or state unemployment benefits, or you have COBRA continuation coverage through a former employer. The medical plans offered through the Delphi Salaried Retiree Association (DSRA) are not considered COBRA continuation. Thus, you may not pay your health insurance premiums with money from your HSA.



How do I use my HSA to pay my doctor at the time of service?

With an HSA plan, you should not pay your doctor at the time of service, and your insurance card should read “\$0 copay” on the front. Instead, wait for the doctor’s office to bill your health insurance company, and you will then receive a bill for your visit. Then you can pay your doctor using the funds from your HSA.

Additional Information

After I open my HSA, what happens to the money?



Does unused money in an HSA rollover year after year?

YES. The money in an HSA automatically rolls over each year. You won't lose your money if you don't spend it within the year.



What happens to the money in my HSA after I turn 65?

When you enroll in Medicare, you can use your HSA to pay Medicare premiums, deductibles, copays, and coinsurance under any part of Medicare; but you cannot use your account to purchase a Medicare supplemental insurance or "Medigap" policy. You can also continue to use your account tax-free for out-of-pocket health expenses.



What happens to the money in my HSA if I switch back to traditional PPO coverage?

The money that is already deposited into your HSA will remain in your account until it is gone. You may continue to use the HSA money for eligible expenses; however, you are no longer allowed to add money to your HSA.



What happens to the money in my HSA when I die?

When you first open your HSA, you will be asked to select a beneficiary. The beneficiary you choose will receive the money left in your HSA when you die.