

FAQ's

What is a Health Savings Account (“HSA”)?

A Health Savings Account is an alternative to traditional health insurance; it is a savings product that offers a different way for consumers to pay for their health care. HSAs enable you to pay for current health expenses and save for future qualified medical and retiree health expenses on a tax-free basis.

You own and you control the money in your HSA. Decisions on how to spend the money are made by you without relying on a third party or a health insurer. You will also decide what types of investments to make with the money in the account in order to make it grow.

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.

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 Montgomery County Health Plan.

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.

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.

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

You can have both types of accounts, but only under certain circumstances. General Flexible Spending Arrangements (FSAs) will probably make you ineligible for an HSA. If your employer offers a “limited purpose” (limited to dental, vision or preventive care) or “post-deductible” (pay for medical expenses after the plan deductible is met) FSA, then you can still be eligible for an HSA.

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

You can have both types of accounts, but only under certain circumstances. General Health Reimbursement Arrangements (HRAs) will probably make you ineligible for an HSA. If your employer offers a “limited purpose” (limited to dental, vision or preventive care) or “post-deductible” (pay for medical expenses after the plan deductible is met) HRA, then you can still be eligible for an HSA. If your employer contributes to an HRA that can only be used when you retire, you can still be eligible for an 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.

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.

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’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.

I’m over 55 and would like to make catch-up contributions to my HSA, like I’ve done with my IRA. Is that possible?

Yes, individuals 55 and older who are covered by an HDHP can make additional catch-up contributions each year until they enroll in Medicare. The additional “catch-up” contributions to HSA allowed are as follows:
2011 - \$1,000

If each spouse has self-only HDHP coverage (neither spouse has family coverage), how much can we contribute?

For 2011, each spouse is eligible to contribute to an HSA in their own name, up to the statutory limit .

Does tax filing status (joint vs. separate) affect my contribution?

Tax filing status does not affect your contribution.

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. You can contribute up to the statutory limit to your HSA.

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

You are responsible for that decision, and therefore should familiarize yourself with what qualified medical expenses are (as partially defined in IRS Publication 502) and also keep your receipts in case you need to defend your expenditures or decisions during an audit.

What happens if I don't use the money in the HSA for medical expenses?

If the money is used for other than qualified medical expenses, the expenditure will be taxed and, for individuals who are not disabled or over age 65, subject to a 10% tax penalty.

Are dental and vision care qualified medical expenses under a Health Savings Account?

Yes, as long as these are deductible under the current rules. For example, cosmetic procedures, like cosmetic dentistry, would not be considered qualified medical expenses.

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

Yes, you may withdraw funds to pay for the qualified medical expenses of yourself, your spouse or a dependent without tax penalty. This is one of the great advantages of HSAs.

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

Yes.

Can I pay my health insurance premiums with an HSA?

You can only use your HSA to pay health insurance premiums if you are collecting Federal or State unemployment benefits, or you have COBRA continuation coverage through a former employer.

Can I purchase long-term care insurance with money from my HSA?

Yes, if you have tax-qualified long-term care insurance. However, the amount considered a qualified medical expense depends on your age. See IRS Publication 502 for the amounts deductible by age.

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

Once funds are deposited into the HSA, the account can be used to pay for qualified medical expenses tax-free, even if you no longer have HDHP coverage. The funds in your account roll over automatically each year and remain indefinitely until used. There is no time limit on using the funds.

What happens to the money in my HSA if I lose my HDHP coverage?

Funds deposited into your HSA remain in your account and automatically roll over from one year to the next. You may continue to use the HSA funds for qualified medical expenses. You are no longer eligible to contribute to an HSA for months that you are not an eligible individual because you are not covered by an HDHP. If you have coverage by an HDHP for less than a year, the annual maximum contribution is reduced; if you made a contribution to your HSA for the year based on a full year's coverage by the HDHP, you will need to withdraw some of the contribution to avoid the tax on excess HSA contributions. If you regain HDHP coverage at a later date, you can begin making contributions to your HSA again.

Do unused funds in a Health Savings Account roll over year after year?

Yes, the unused balance in a Health Savings Account automatically rolls over year after year. You won't lose your money if you don't spend it within the year.

What happens to the money in a Health Savings Account after you turn age 65?

You can continue to use your account tax-free for out-of-pocket health expenses. When you enroll in Medicare, you can use your account to pay Medicare premiums, deductibles, copays, and coinsurance under any part of Medicare. If you have retiree health benefits through your former employer, you can also use your account to pay for your share of retiree medical insurance premiums. The one expense you cannot use your account for is to purchase a Medicare supplemental insurance or “Medigap” policy.

Once you turn age 65, you can also use your account to pay for things other than medical expenses. If used for other expenses, the amount withdrawn will be taxable as income but will not be subject to any other penalties. Individuals under age 65 who use their accounts for non-medical expenses must pay income tax and a 10% penalty on the amount withdrawn.

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

No. You cannot reimburse qualified medical expenses incurred before your account is established. We recommend you establish your account as soon as possible.

Who will be the “bookkeeper” for my HSA?

It is your responsibility to keep track of your deposits and expenditures and keep all of your receipts. If you run out of HSA funds (and therefore need to use your HDHP), you may need to send those receipts to your insurer.

How do I use my HSA to pay my physician when I’m at the physician’s office?

If you are still covered by your HDHP and have not met your deductible, you will be responsible for 100% of the amount agreed to be paid by your insurance policy to the physician. Your physician may ask you to pay for the services provided before you leave the office. Use your HSA checkbook or debit card to pay your physician directly from the account.

If your physician does not ask for payment at the time of service, the physician will probably submit a claim to your insurance company, and the insurance company will apply any discounts based on their contract with the physician. You should then receive an “Explanation of Benefits” from your insurance plan stating how much the negotiated payment amount is, and that you are responsible for 100% of this negotiated amount. If you have not already made any payment to the physician for the services provided, the physician may then send you a bill for payment.

Who has control over the money invested in a Health Savings Account?

The account holder controls all decisions over how the money is invested. You can also choose not to invest your funds.

Can the funds in an HSA be invested?

Yes, you can invest the funds in your HSA. The same types of investments permitted for IRAs are allowed for HSAs, including stocks, bonds, mutual funds, and certificates of deposit.

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

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

Can I borrow against the money in my HSA?

No. You may not borrow against it or pledge the funds in it. For more information on prohibited activities, see Section 4975 of the Internal Revenue Code.

Can I roll the money in a Health Savings Account over into an IRA?

You cannot roll the HSA funds over into an IRA. They will stay in the HSA or be rolled into another HSA.

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

What happens depends on how the HSA is designed. If your spouse is designated as the beneficiary by you, your spouse becomes the owner of the HSA when you die. If you provide that it goes to your estate or other entity, the value of the HSA at death is income to the estate or other entity.

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the HSA solution

Health Savings Account Fee and Rate Schedule

Interest Rate, Set-Up and Monthly Fee

Interest Rate	0.15%*
Annual Percentage Yield (APY)	0.150%*
Account Set-Up Fee	\$ 15.00**
Monthly Service Charge	\$ 2.95**
Periodic paper statement	\$ 0.75
*Please refer to your statement for the current interest rate.	
**Setup and monthly maintenance fees may be paid for you by your employer during active employment. If you leave your employer-sponsored plan, but retain your HSA, your monthly service charge is \$3.25.	

Requests for debit card, checkbook or copies of documents

Replacement / Additional Debit Card	\$ 5.00
Checkbook Reorder Fee	\$ 10.00
Copy of Check, Statement or Other Document (per item)	\$ 5.00

Other Banking Fees when Applicable

ATM Usage Fee (per usage)	\$ 1.00
Stop Payment (per request)	\$ 25.00
Returned Item (includes NSF charge)	\$ 25.00
Custodian Check Issuance Fee (deducted from account balance)	\$ 25.00
Excess Contribution Reimbursement (deducted from account balance)	\$ 25.00
Attachments / levies / legal requests / subpoenas (per request)	\$ 75.00
Statement Reconciliation / Account Research	\$ 20.00 per hr / \$ 10 min charge

See your Health Savings Account Deposit Agreement and Disclosures for the complete terms and conditions related to your account. Note, fees disclosed will remain in effect until further notice. Interest is credited and the monthly service charge is debited on the last business day of the month.

For additional information regarding these fees, contact your employer, health plan or our service center. Other fees will be deducted from the balance of your Health Savings Account when incurred or as indicated. If the account balance is less than \$25 at the time of the check issuance request, a fee equal to the account balance will be deducted from your account.

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