

## How Your Health Savings Account (HSA) Works

- An HSA can help pay for health care expenses not paid by your medical plan now and in the future. The money saved in your HSA earns interest, can be invested once you reach a minimum threshold, rolls over from year to year if you don't spend it and receives tax advantages. HSA contributions and earnings are not subject to federal taxes and not subject to state taxes in most states.

### Save tax-free dollars with an HSA

When you enroll in the Choice Fund HSA, you can open a health savings bank account through your HSA bank.

- *You* decide how and when to use the funds.
- You can use HSA money to pay for qualified health care expenses not reimbursed by your medical, prescription drug, dental and vision plans.
- You can choose to save the money—unused dollars roll over from year to year.
- Whatever you don't use earns interest and can be invested once a minimum threshold is met.
- Any interest or investment earnings on HSA funds are tax-advantaged. HSA contributions and earnings are not subject to federal taxes and not subject to state taxes in most states.

### Contributing to your HSA

You can mail deposits directly to your HSA bank or you can arrange for your employer to have a certain amount deposited from your paycheck into your HSA.

For 2018, you may contribute up to the following toward your HSA:

- \$3,450 - Single
- \$6,900 - Family
- \$1,000 - "Catch-up" contributions for HSA account holders age 55 and older.

### Using your HSA

You can use HSA funds to pay qualified health care expenses for yourself, your spouse or dependents you can claim on your Federal income tax.

- **Online Bill Pay:** You can use the online bill pay feature, free of charge, to have a check sent to yourself or your health care professional for qualified health care expenses that are not reimbursed.
- **Debit Card:** You can use your HSA debit card to pay for eligible services at the doctor's or dentist's office and your local pharmacy.

- **Checks:** For a small fee, you can purchase an HSA checkbook and use checks to reimburse yourself for qualified, out-of-pocket expenses or to pay your health care professional directly.
- **Auto Pay:** This permits Cigna to automatically pay some or all of your medical expenses with your HSA funds. You can add or remove Auto Pay at any time during the year by going to your HSA bank and changing your Auto Pay settings there.

### **HSA Reimbursable Medical Expenses**

Qualified medical expenses include diagnosis, treatment, or prevention of disease, or for treatments affecting any part or function of the body.

[See a list of eligible and ineligible HSA expenses](#)

### **How Health Care Reform Impacts your HSA**

Most over-the-counter medications (other than insulin and diabetic supplies) will require a doctor's prescription to qualify for using pre-tax dollars. Other over-the-counter items are still eligible for HSA use including first-aid items, contact lens solution and supplies, birth control and more. The penalty for using your HSA on non-qualified items is 20%.

The healthcare reform law has made it possible for parents to keep children up to age 26 on their health plans if they have no other coverage—even those who are married and living away from home. However, HSA funds can only be spent on family members who qualify as true tax dependents. If they don't qualify as tax dependents, those adult children may be able to open their own HSAs and contribute the full amount allowed by the IRS for a family or an individual.

Be sure to talk to your tax advisor to understand IRS guidelines.