

# The Basics of HSA's

U.S. Treasury Department Washington, DC

## HSA Overview

### ➤ Who is eligible for HSA's?

- Any individual who:
  - Is covered by a High Deductible Health Plan (HDHP)
  - Is not covered by other health insurance  
(exceptions: specific injury insurance and accident, disability, dental, vision, long term care)
  - Is not enrolled in Medicare
  - Can't be claimed as a dependent on someone else's tax return

### ➤ HSA Contribution Rules

- Maximum amount that can be contributed to an HSA (and deducted)  
As of 2007 – no longer limited by HDHP health insurance deductible
  - Maximum specified in law (indexed annually by M-CPI)

\$3,000 – 2009 (self-only coverage) \$3,050 – 2010  
\$5,950 – 2009 (family coverage) \$6,150 – 2010

- Individuals age 55 and older, additional \$1,000 “catch-up” contributions to HSA
- Contributions must stop once an individual is enrolled in Medicare

### ➤ HSA Distributions

- Distribution is tax-free if taken for “qualified medical expenses”
  - Now includes some over-the-counter drugs
- Cannot be used to pay for other health insurance except:
  - COBRA continuation coverage
  - Health plan coverage while receiving unemployment compensation
  - Medicare premiums and out-of-pocket expenses  
(Part A, Part B, Medicare HMO's, new prescription drug coverage)
  - Cannot pay Medigap premiums
  - Qualified long-term care insurance