

HEALTH SAVINGS ACCOUNTS (HSA's): The Basics - 2014

WHAT IS AN HSA?

- ▶ An HSA is a tax-exempt Trust or Custodial Account (**not** an insurance plan). Tax deductible deposits may be made to an HSA by an employer, employee (or both) for "Eligible Individuals". Contributions are deductible on both Federal and State tax returns.
 - Owned by individual (employee); earns tax deferred interest, and unused funds accumulate year to year like an IRA.
 - Withdrawals for health related expenses as defined under IRS Sec. 213 and certain premiums (COBRA/ LTC) are **not** taxed.
 - Banks reserve the right to run credit checks on employees before accounts can be established... but not all do.
 - Maximum deposit for 2014 is \$3,300 if covered as a single, \$6,550 if covered as a family (2 or more people).
There is a catch-up provision (\$1,000) for individuals age 55-64.

WHO IS AN "ELIGIBLE INDIVIDUAL"?

- ▶ Must be under age 65 and covered by a "Qualified" High Deductible Health Plan (HDHP); defined as follows:
 - Deductible must be at least \$1,250 (\$2,500 "family"); Out of Pocket Max may be no greater than \$6,350 (\$12,700 "family").
 - Other distinctive features of "Qualified HDHP":
 - May **not** include first-dollar coverage for most Office Visits and/or Prescriptions, i.e., Copays. (Exception: certain preventive/ wellness expenses may be covered at 100% (varies by insurer).
 - Most often, a unique "family" deductible must be fully satisfied (by one or more persons) before other benefits are paid (coinsurance). The carrier may offer a "stacked" deductible, which requires further explanation, but it is less common.

- ▶ At Standard Rates, "Qualified HDHP" may quote at 30-50% less than "traditional" coverage.

Call us for more information on HSA's: 414-276-2700. Also,

- www.nahu.org (click on "Consumer Guide to Health Savings Accounts")
- www.hsabank.com
- www.irs.gov
- www.revenue.wi.gov

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Deductible Medical Expenses		
<ul style="list-style-type: none"> • Abdominal supports • Abortion • Acupuncture • Air conditioner (when necessary for relief from difficulty in breathing) • Alcoholism treatment • Ambulance as a single, \$6,150 if covered as a family (2 or more) • Arch supports • Artificial limbs • Autoeette (when used for relief of sickness/disability) • Birth Control Pills (by prescription) • Blood tests • "family"); Out of Pocket Max may be no greater than • Braces • Cardiographs • Chiropractor • Christian Science Practitioner • Contact Lenses • Contraceptive devices (by prescription) • Convalescent home (for medical treatment only) • Crutches • Dental Treatment • Dental X-rays • Dentures • Dermatologist • Diagnostic fees • Diathermy • Drug addiction therapy • Drugs (prescription) 	<ul style="list-style-type: none"> • Elastic hosiery (prescription) • Eyeglasses • Fees paid to health institute prescribed by a doctor • FICA and FUTA tax paid for medical care service • Fluoridation unit • Guide dog • Gum treatment • Gynecologist • Healing services • Hearing aids and batteries • Hospital bills • Hydrotherapy • Insulin treatment • Lab tests • Lead paint removal • Legal fees • Lodging (away from home for outpatient care) • Metabolism tests • Neurologist • Nursing (including board and meals) • Obstetrician • Operating room costs • Ophthalmologist • Optician • Optometrist • Oral surgery • Organ transplant (including donor's expenses) • Orthopedic shoes • Orthopedist • Osteopath 	<ul style="list-style-type: none"> • Oxygen and oxygen equipment • Pediatrician • Physician • Physiotherapist • Podiatrist • Postnatal treatments • Practical nurse for medical services • Prenatal care • Prescription medicines • Psychiatrist • Psychoanalyst • Psychologist • Psychotherapy • Radium Therapy • Registered nurse • Special school costs for the handicapped • Spinal fluid test • Splints • Sterilization • Surgeon • Telephone or TV equipment to assist the hard-of-hearing • Therapy equipment • Transportation expenses (relative to health care) • Ultra-violet ray treatment • Vaccines • Vasectomy • Vitamins (if prescribed) • Wheelchair • X-rays
Eligible Over-the-Counter Drugs, Which Require a Prescription (as of 1/1/11)		
<ul style="list-style-type: none"> • Antacids • Allergy Medications • Pain Relievers • Cold medicine • Anti-diarrhea medicine • Cough drops and throat lozenges 	<ul style="list-style-type: none"> • Sinus Medications and Nasal sprays • Nicotine medications and nasal sprays • Pedialyte • First aid creams • Calamine lotion 	<ul style="list-style-type: none"> • Wart removal medication • Antibiotic ointments • Suppositories and creams for hemorrhoids • Sleep aids • Motion sickness pills
Non-Deductible Medical Expenses		
<ul style="list-style-type: none"> • Advancement payment for services to be rendered next year • Athletic Club membership • Automobile insurance premium allocable to medical coverage • Boarding school fees • Bottled Water • Commuting expenses of a disabled person • Cosmetic surgery and procedures • Cosmetics, hygiene products and similar items • Funeral, cremation, or burial expenses • Health programs offered by resort hotels, health clubs, and gyms • Illegal operations and treatments • Illegally procured drugs • Maternity clothes 	<ul style="list-style-type: none"> • Non-prescription medication • Premiums for life insurance, income protection, disability, loss of limbs, sight or similar benefits • Scientology counseling • Social activities • Special foods and beverages • Specially designed car for the handicapped other than an autoeette or special equipment • Stop-smoking programs • Swimming pool • Travel for general health improvement • Tuition and travel expenses a problem child to a particular school • Weight loss programs 	
Ineligible Over-the-Counter Drugs		
<ul style="list-style-type: none"> • Toiletries (including toothpaste) • Acne treatments • Lip balm (including Chapstick or Carmex) • Cosmetics (including face cream and moisturizer) • Suntan lotion • Medicated shampoos and soaps 	<ul style="list-style-type: none"> • Vitamins (daily) • Fiber supplements • Dietary supplements • Weight loss drugs for general well being • Herbs 	

Official Reference: <http://www.irs.gov/pub/irs-pdf/p502.pdf>