

Learn More About Health Savings Accounts (HSAs) and Eligible High-Deductible Health Plans (HDHPs)

The High-Deductible Health Plan (HDHP) offered for use with your Health Savings Account (HSA) may have a lower premium than benefit plans with lower deductibles, but it also has substantial out-of-pocket costs. You should also be prepared to pay the deductible before your HDHP pays for any covered services.

Your HSA can help you save for these out-of-pocket costs and other medical expenses. And, using your HSA to pay for medical expenses gives you flexibility and choice in making your health care decisions.

HSAs enable you to set aside pre-tax and tax-deductible dollars to be used for qualified medical expenses, such as deductibles, coinsurance, prescriptions, dental expenses, vision care, long-term care insurance premiums, COBRA premiums and more. But remember that only payments for HDHP-covered expenses will count toward your deductible.

Here are the specifics of an HSA:

Who can contribute funds?	You or anyone else
How are funds contributed?	IRA type account
Maximum contributions	Lesser of deductible, or \$2,650 single/ \$5650 family for 2007, indexed each year.
Who owns contributions?	You
Funds rollover annually?	Yes
Funds earn interest?	Yes
Use/reimbursement?	Many HSAs use a Debit Card; some use reimbursement.
Reimbursable expenses	Defined in IRS Section 213d, COBRA and long-term care premiums. Not health insurance premiums. To see a complete list of qualified medical and dental expenses as outlined by the Internal Revenue Service (IRS), visit <a href="http://bcbst.com">bcbst.com</a> and then go to the AccessTN Member Web page. If you do not have Web access, you may order IRS Publication 502 that includes the list by calling 1-800-829-3676.
Tax deductible?	Contributions are deductible.
Tax treatment for your contributions	Post-tax "above the line" deductions.
Claims substantiation for IRS	You must maintain supporting records for taxes.
Withdrawals for non-qualified expenses	Taxable, plus 10% penalty if you withdraw before age 65

## Understanding HSAs

Flexibility and informed choice are key to the HSA concept. You can find many online tools to help you make wise health care choices. Just visit [bcbst.com](http://bcbst.com) and go to the AccessTN Member Web page to access information about HSAs.



## of Tennessee

[bcbst.com](http://bcbst.com)

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