

DIOCESE OF LA CROSSE

HIGH DEDUCTIBLE HEALTH PLAN (HDHP) / HEALTH SAVINGS ACCOUNT (HSA) QUALIFIED PLAN

Frequently Asked Questions

What is a Health Savings Account (HSA)?

A Health Savings Account (HSA) is a tax-advantaged personal savings account you can contribute money into to pay your qualified medical, dental, vision and other expenses for yourself and any family members (if applicable).

- The account holder owns it – no “use it or lose it” requirement.
- The account stays with you even if you leave your employer.
- The balance plus earnings carry over year after year.

What type of Health Plan is required?

You must have a HDHP (High Deductible Health Plan) if you want to open an HSA. HDHP/HSAs must have most expenses subject to the calendar year deductible without any co-pays or first dollar coverage. The exception to this rule is preventative care. Charges for preventative screenings are paid at 100%.

Where can I set up a Savings Account for the HSA?

Plan participants can sign up for qualified HSA accounts with banks, credit unions, and other approved companies. Once the bank account is established the participant must make sure to provide their Payroll Center with this information to ensure payroll deductions are transmitted to the appropriate account.

Maximum Contributions?

2019 IRS Limits Maximum Contribution

- Single – \$3,500
- Family – \$7,000
- Catch-up Contribution (55+) – \$1,000

Who is responsible for my HSA?

It is your responsibility to keep track of your deposits and expenditures and keep all of your receipts.

Do my HSA contributions have to be made in equal amounts each month?

No, you can contribute in a lump sum or in any amounts or frequency you wish. However, your account trustee/custodian (i.e. bank, credit union, etc.) can impose minimum deposit and balance requirements.

Do my contributions provide any tax benefits?

Yes, you can make your premium contributions on a pre-tax basis (before income or FICA taxes are taken out of your paycheck). If you do so, you cannot also take the “above the line” deduction on your personal income taxes.

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 & 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.

Can I have an HSA if I am on Medicare?

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, but you cannot continue to make contributions to an HSA after you enroll in Medicare.

My spouse has other medical coverage through a low deductible plan. Can I have an HSA?

Yes, as long as you are not covered under your spouse’s insurance plan as a dependent. A spouse who has coverage under a low-deductible plan is not eligible and cannot contribute to the HSA.

Does an HSA pay for the same things for which a low deductible insurance plan pays?

HSA funds can pay for any “qualified medical expense,” even charges that may not be covered under the HDHP. For example, most health insurance plans do not cover the cost for Lasik surgery, but the HSA can.

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Examples of Eligible Qualified Expenses:

- Acupuncture
- Alcoholism treatment
- Ambulance services
- Chiropractors
- Contact lenses & supplies
- Crutches
- Dentures
- Dental treatment
- Diagnostic devices (i.e., blood sugar test kits)
- Doctor's fees
- Eyeglasses
- Eye surgery (including laser eye surgery)
- Guide dog (for visually impaired)
- Hearing aids and batteries
- Hospital services
- Insulin
- Laboratory fees
- Lactation assistance supplies
- Prescription medicines
- Nursing home
- Nursing services
- Prosthesis (artificial limbs)
- Psychiatric care
- Surgeries
- Telephone equipment (hearing/vision impaired)
- Therapy or counseling
- Transplants
- Wheelchair
- X-rays

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

Yes, you may withdraw funds to pay for qualified medical expenses of yourself, your spouse or a dependent without tax penalty.

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

If the money is used for non-qualified medical expenses, the expenditure will be taxed and, for individuals who are not disabled or over age 65, subject to a 20% tax penalty.

What happens to my Health Savings Account if I elect to leave the Diocese?

The HSA is completely portable. The money is yours – it travels with you.

What happens if I no longer participate in a High Deductible Health Plan?

Once funds are deposited into an HSA, the account can continue to be used to pay for qualified medical expenses. You are no longer eligible to contribute to the HSA. If you regain participation in an HDHP at a later date, you can begin making contributions to your HSA again.

Do unused funds in an HSA roll over year after year?

Yes, the unused balance of an HSA automatically rolls over each year. There isn't a "use it or lose it" provision.

If I choose to enroll under the HSA, can I continue to participate in both a Flexible Spending Plan and an HSA?

An HSA plan replaces the existing unreimbursed medical portion (FSA-M) of the Section 125/Flexible Spending Plan. You can continue to have deductions taken pre-tax to pay your premiums (POP) and for dependent care expenses (DCAP).

If my medical expenses are greater than the year-to-date HSA contributions, would I have access to the full amount of those expenses?

No, unlike the flexible spending account, the HSA account will only allow access to the remaining account balance based on actual contributions received.