

HSAs
Health Savings Accounts Provisions
- 2016-2017 Summary –

Availability	Individuals and any size group.
Annual Maximum Contributions are no longer limited to the Deductible	The maximum contribution is \$3,350 for Singles and \$6,750 for Families per year in 2016 (amount increased annually based on CPI). A tax-free transfer from an HRA and FLEX is allowed, in addition to annual maximum contribution. Caution about timing. Employers – no prorated rule, only comparable. Employers and employees can deposit. Individuals limited by other contributions, not the size of deductibles. Extra contributions by the employer for non-highly compensated.
Additional Contribution Allowance	Catch Up contributions allowed for age 55 and older (\$1,000/an. since 2009)
Eligible Contributors	Individuals, employers, employees
Tax Deductibility- Employer	Contributions are tax-deductible for the employer (except for contributions made to HSAs of partners in partnership or shareholders of 2% of stock in an S-Corp) and deductible by employee at year end.
Tax Deductibility – Employee	Contributions may be made pre-tax if offered through a cafeteria plan (FSA) or are tax deductible (no need to itemize) for Federal Income and FICA (year end). <u>Wisconsin has recognized the Federal tax treatment of HSA's for tax years beginning on or after January 1, 2011. For tax years ending before January 1, 2011, contributions and HSA gains are subject to Wisconsin Income Tax.</u>
Fund or Account Ownership	Individual/Employee
Portable	Yes – It is all employee money in the HSA.
Rollover of Funds	Yes, from HSA to HSA, and a one-time distribution from an IRA to an HSA is allowed.
Funding Required	Yes
Plan Types	High Deductible Health (Medical) Plan (HDHP) required as defined by law.
<u>Minimum</u> Qualifying High Deductible Health Plan Deductibles – <u>Single</u>	\$1,300 Minimum – Most plans sold at \$2,000/an. deductible. (2017 Minimum Deductible is \$1,300)
<u>Minimum</u> Qualifying High Deductible Health Plan Deductibles – <u>Family</u>	\$2,600 Minimum – Most plans sold at \$4,000/an. or \$5,000/an. deductible. (2017 Minimum Deductible is \$2,600)
Maximum Contribution Limited by Law	Single: \$3,350 maximum for 2016 (2017=\$3,400 Single) Family: \$6,750 maximum for 2016 (2017=\$6,750 Family)
Insurance Out of Pocket Maximum allowed with added Coinsurance	Singles: up to \$6,550 – Families: up to \$13,100 (2017 Singles \$6,550, Families \$13,100) (includes deductible, coinsurance, copays)
Rx Copay Allowed	No first dollar prescriptions with copays after January 1, 2006. (Note: Future preventive Rx will be possible.)
Other Insurance Coverage	You cannot be covered by another first dollar health plan and be eligible for an HSA. You can only have free standing plans like Vision, Dental, Voluntary Accident, etc.
Administration	No current administration required. You file your HSA Account contributions and distribution with your income tax. Form #8889.
Withdrawals for <u>Non-Qualified</u> Medical Expenses	Taxable and subject to 20% penalty (no penalty for over age 65 – just tax, like IRA, 401k, etc., withdrawal.) as of 1/1/2011.
Withdrawals for <u>Qualified</u> Medical Expenses	Non-Taxable at any age. Better than pension withdrawal after retirement for medical expenses.
Other – What insurance can be paid for out of an HSA?	Cannot use the account to pay health insurance premium. You can pay LTC insurance, COBRA premiums, premiums while on unemployment. If over age 65, employer sponsored retiree health plan premiums and premiums for Medicare Part A&B, but not for Medicare Supplement Policy.