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Frequently Asked Questions for a High-Deductible Health Plan With a Health Savings Account

Q. What is a high-deductible health plan?

A. A high-deductible health plan (HDHP) is a healthcare plan that gives you more control and responsibility over how you spend your healthcare dollars. Under an HDHP, your per-paycheck employee costs are lower, and your annual deductibles are higher than a traditional PPO. However, you can make pretax contributions to a health savings account (HSA) to help pay for qualified healthcare expenses.

Q. How can I receive the most value from the HDHP?

A. You can get the most value from your HDHP by actively managing your healthcare, and knowing the plan and how you use medical care.

Use preventive care. Take advantage of your 100% no-deductible in-network preventive care so you can stay healthy and detect problems before they become serious.

Lead a healthy lifestyle. Not only will you feel better, but you may end up spending less on healthcare, less of your own money, and saving more of your HSA for future healthcare needs.

Know the costs and look for appropriate alternatives. Taking financial responsibility is a big part of using the HDHP. You can save money by using in-network facilities that are lower-cost options but are still high in quality of care. All medical carriers have tools on their website to assist. You should also consider alternative means of care and discuss them with your provider (e.g., generic drugs instead of brand drugs, an X-ray instead of an MRI, going to your primary care physician, or an urgent care facility rather than an emergency room for non-life-threatening medical conditions).

Q. Is the network for the HDHP different than the network for the traditional PPO?

A. The HDHP uses the same network as the traditional PPO.

Q. Do I pay for the full amount of the office visit when I go to the doctor?

A. If you see an in-network doctor, you are responsible for paying the discounted amount until your deductible is met. If you use an out-of-network doctor, you are responsible for the full amount. The doctor's office should submit a claim to your medical insurance carrier. The medical insurance carrier will then apply all discounts and credit your deductible. Once the claim is processed, you will receive an explanation of benefits (EOB) showing the amount that is your responsibility. You can use your HSA for that amount.

Q. What do I say if my doctor's office asks what my copay is?

A. With the HDHP, you will not have a copay for your care. If your doctor's office asks, tell them you do not have a copay. For preventive services, your care is covered at 100%; there is no deductible for in-network providers. For non-preventive care, you will pay for the cost of your care based on the discounted amount after your doctor's office has submitted the claim to your medical insurance carrier.

Q. Will preventive care be covered?

A. In-network preventive care services are covered at 100%, no deductible. That means your routine physicals, well baby care, immunizations, and screenings from colonoscopies to mammograms are not subject to the deductible or coinsurance.

Q. Do I pay the full amount for prescription drugs?

A. Until you meet your combined medical and prescription drug deductible, you will pay the discounted cost of prescription drugs instead of copays. Once the deductible is met, you will pay your cost share until the out-of-pocket maximum is met.

Q. Is there a separate deductible for each covered dependent?

A. No. Your deductible is based on the coverage tier selected. If you elect employee-only coverage, then you must only satisfy the individual deductible. If you elect employee-plus-dependent coverage (i.e., employee plus spouse, dependent(s), or family), you must satisfy the entire family deductible.

Q. What is an HSA?

A. An HSA is a bank account that you own and use to pay for current and future qualified healthcare expenses.

Key features include the following:

- The HSA is a tax-savings vehicle that lets you set aside tax-free money to pay for eligible healthcare expenses. You decide which expenses to pay from your HSA
- Your balance rolls over from year to year. There is no use-it-or-lose-it rule like in a flexible spending account (FSA)
- If you leave your current employer or retire, you take the money with you; you own the account

Q. How do I know what is included as qualified healthcare expenses?

A. Qualified healthcare expenses are defined by IRS code 213(d). Qualified expenses include, but are not limited to, doctor visits, hospital expenses, labs, X-rays, and other diagnostic services, prescription drugs, hearing aids, braces, and wheelchairs. For a complete listing, go to www.irs.gov/publications/p502/index.html.

Q. Who is able to open and contribute to an HSA?

A. You may open and contribute to an HSA if you meet all the following criteria:

- Enrolled in the HDHP
- Not covered by other medical insurance other than another HDHP
- Not claimed as a dependent on someone else's tax return
- Not enrolled in Medicare

If any of the above apply to you, then you are not able to contribute to your HSA, but you can continue to use the funds in it to pay for healthcare expenses or Medicare premiums until they are exhausted.

Q. Who owns the HSA?

A. You do.

Q. Does my employer have access to my HSA?

A. Your employer only has access to deposit funds into your account if permission is granted to perform this function. This is the only access your employer has to your account since you own and manage your own HSA. Your employer cannot access funds for withdrawal or distribution, nor can they view your account, as you are the owner of the account.

Q. How much money can I contribute to my HSA each year?

A. In 2025, the maximum contribution for individual coverage will be $4,300, and the maximum contribution for family coverage will be $8,550. HSA account holders over the age of 55 can make an additional catch-up contribution of $1,000 per year. These limits are set by the IRS and are typically increased each calendar year for a January 1 effective date.

Q. What happens to the money in my HSA if I change health plans, leave my current employer, or retire?

A. You own the HSA, so the money is yours to keep. If you retire and are insured by Medicare or change to a non-HSA-qualified plan, you can still use the money in your HSA to pay for out-of-pocket qualified healthcare expenses, but you won't be able to continue to make contributions to your HSA.

Q. Can I take the money out of my HSA anytime I want?

A. Yes. You can take money out anytime, tax-free, and without penalty, as long as it's used for qualified healthcare expenses. If you withdraw funds for other purposes prior to age 65, you will pay income taxes on the withdrawal plus a 20% penalty. If you withdraw funds for other purposes after age 65, you will pay income taxes on the withdrawal.

Q. I enrolled in the HDHP but didn't elect to cover my dependents. Can I use my HSA to pay for my dependents' qualified healthcare expenses?

A. Yes. Your HSA can be used to pay for qualified healthcare expenses of any family member who qualifies as a dependent on your tax return. Remember, if the dependent isn't covered under your plan, their expenses won't apply toward your plan's deductible.

Q. I am currently enrolled in Medicare. Can I be on the HDHP?

A. You can be covered by both a HDHP and Medicare, but once you are enrolled in Medicare, you can no longer contribute to your HSA. You can use any funds in the HSA to pay for qualified healthcare expenses.

Q. My spouse has an FSA through their employer; can I have an HSA?

A. You cannot have an HSA if your spouse's FSA can pay for any of your medical expenses before your HDHP deductible is met.

Q. Can I use my HSA to pay for qualified healthcare expenses incurred before I set up my account?

A. No. You cannot reimburse qualified healthcare expenses incurred before the date your account is established.

Q. If I incur an eligible expense but choose not to use money in my HSA to reimburse myself immediately, can I do so in the future?

A. Yes. Therefore, it is very important to keep your receipts for your healthcare expenses. You can withdraw funds from your HSA years after you incur the expense, as long as you have the appropriate documentation.

Q. What are embedded deductibles?

A. An embedded deductible will apply if your HDHP has an individual deductible of at least $3,300, with a higher two-person/family deductible. In that case, you only have to satisfy the individual deductible even if you elect a coverage tier other than individual.

Note: The minimum deductible for an embedded plan is based on the family deductible as set by the IRS statutory minimums.