

Understanding HDHPs and HSAs

The HDHP-HSA Connection

A high-deductible health plan, or HDHP, allows you to pay lower insurance premiums to pay out-of-pocket medical expenses in exchange for picking up a larger share of your own health care costs (see chart).

An HDHP is paired with a Health Savings Account, or HSA, which enables you to pay for eligible medical expenses not covered by the HDHP insurance plan, including deductible, coinsurance and even health insurance premiums, in some cases.

WHY ENROLL IN A HDHP AND OPEN AN HSA?

- Once your deductible is met, most medical costs are covered at 90-100 percent.
- Tax benefits could include:
 - HSA contributions may provide a federal tax deduction
 - Interest earnings could be tax-deferred
 - Withdrawals for eligible expenses could be exempt from federal income tax
- Unused money is held in an interest-bearing savings or investment account
- Ability to save for future medical expenses
- Funds roll over from year-to-year
- If the account is through your employer and you leave, you take it with you
- You choose when to use your HSA dollars to pay for health care expenses

HSA ELIGIBILITY

To open an HSA account, you must be covered by an HDHP; not covered by any other medical plan that is not an HDHP; not be entitled to Medicare benefits; and not be eligible to be claimed on another person's tax return.

Annual HDHP Deductible and Out-of-Pocket Minimums and Maximums.

Type of Coverage



Individual



Family

Minimum Annual Deductible

\$1,400

\$2,800

Maximum Annual Out-of-Pocket

\$7,050

\$14,100

2022 limits, above, are determined annually by the IRS and are subject to change



OPENING AN HSA

An HSA can be funded by you, your employer, or both. Banks, credit unions, insurance companies and financial institutions are permitted to be custodians of these accounts.

MAKING HSA CONTRIBUTIONS

Once enrolled in an HDHP, you (and your employer, if the account is through your job) can contribute to your HSA account. Remember, though, your total contributions are limited annually.

USING YOUR HSA

After visiting a physician, facility or pharmacy, your medical claim will be submitted to your HDHP for payment. Your HSA dollars can be used to pay any out-of-pocket expenses not covered (deductibles and coinsurance), or you can choose to save your HSA dollars for a future medical expense.

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