



# TAX SAVINGS FOR QUALIFIED EXPENSES

## Health Savings Account (HSA)



A Health Savings Account is an individually owned, tax-favored account that allows consumers to pay for qualified health care expenses.

An HSA must be coupled with a High Deductible Health Plan (HDHP) to receive the tax advantages allowed by the IRS. Premiums associated with an HDHP are typically lower than a traditional plan, allowing you to capture the savings to fund an HSA.

Similar to a 401(k), you can make tax-deductible contributions into an HSA and the account can earn interest tax-free. HSA funds can then be used to pay for any qualified, out-of-pocket medical expenses, such as deductible and prescription drug expenses. Once the deductible is met, the health plan begins paying some or all covered expenses, depending on the plan selected.

### HSA Eligibility

In general, to be eligible for an HSA, you must meet the following criteria:

- You must be covered under a qualified HDHP and cannot have other health care coverage.
- You cannot be enrolled in Medicare.
- You cannot be claimed as a dependent on someone else's tax return.

### Benefits and Savings

HSAs provide several tax- and cost-savings benefits. By combining an HSA with a qualified HDHP, you can reduce your insurance premiums. Because it is a triple-tax savings account, contributions are 1) made tax free, 2) grow tax free and 3) can be withdrawn tax free to pay for a variety of qualified medical expenses, many of which are not covered by traditional health insurance plans (including dental visits, prescription drugs, eyeglasses, contact lenses, and chiropractor visits).

Unlike other benefit accounts, unused funds are rolled over annually, enabling them to be used for future expenses.

### How Much Can I Contribute to an HSA?

The U.S. Treasury Department establishes annual contribution limits and minimum deductible amounts for HSAs and HSA-qualified health plans, which are adjusted each year for inflation. **The 2024 HSA limits are as follows:**

#### Contribution Limits

- Individual: \$4,150
- Family: \$8,300
- Catch-Up (55 and older): \$1,000

#### Deductible Requirements

- Individual: Not less than \$1,600
- Family: Not less than \$3,200

#### Max Out-of-Pocket Requirements

- Individual: Not to exceed \$8,050
- Family: Not to exceed \$16,100

You must be covered under a qualified HDHP and cannot have other health care coverage.

### HSA Services

- User guide and educational communications
- NueSynergy smart debit card
- Competitive interest rates earned on the first dollar
- Dedicated HSA customer service assistance beyond simple balance inquiry
- Consultative support to help maximize HSA savings and benefits
- Monthly electronic account statements
- Claims shoebox (electronic record keeping of all receipts to help you stay compliant)
- Seamless integration allows funds to transfer between HSA and personal checking accounts for ease of contribution and reimbursement
- Online web tools, including personalized health plan cost comparison, out-of-pocket cost and future savings calculators, and educational tutorials
- NueSynergy smart mobile app with provider locator and cost transparency tools.



### Example of HSA-eligible expenses

The IRS allows certain medical, dental, vision, and related services to be reimbursed through an HSA. Below is a partial list of expenses that qualify for HSA reimbursement. Over-the-counter (OTC) medications, while not listed below, are now eligible for HSA reimbursement.

- Acupuncture
- Alcoholism treatment
- Ambulance service
- Artificial limb/teeth
- Bandages, Band-Aids, wraps, and splints
- Breast-reconstructive surgery following a mastectomy
- Birth control pills (Norplant, ovulation kits)
- Braille books and magazines
- Chiropractor professional fees
- Christian Science Practitioner fees
- Contact lenses/solution
- Contraceptives
- Crutches/braces and supports
- Dental treatment (exams, x-rays, fillings, root canals, dentures, and orthodontia; cosmetic treatments are not allowed}
- Diagnostic services and tests
- Drug dependency treatments
- Drugs (prescriptions)
- Eye surgery (includes cataract, LASIK, corneal rings, etc.)
- Physical therapy
- Pregnancy test kits
- Psychologist fees
- Schools and education (for mentally impaired or physically disabled person - see IRS publication 502)
- Special home for person adjusting from life in a mental institution to community living
- Sterilization procedures (vasectomy or tubal ligation)
- Stop-smoking program
- Surgical fees (for legal operations not cosmetic in nature)
- Speech therapy
- Eyeglasses, prescription
- Fertility treatment (ovulation predictor kits and pregnancy tests, in vitro fertilization, reverse a prior surgery that prevents you from having children)
- Guide dog or other animal used to assist persons with physical disabilities
- Health institute
- Hearing aids and batteries
- Hospital services
- Insulin, syringes
- Laboratory fees
- Lead-based point removal
- Legal fees (to authorize treatment for mental illness)
- Meals (only as part of inpatient hospital care)
- Nursing home (if necessary for medical care)
- Nursing services
- Operations (legal operations that are not cosmetic in nature)
- Orthodontia
- Orthopedic devices
- Osteopath fees
- Oxygen equipment
- Transplants (donor expenses, if you)
- Transportation and related travel expenses for a person seeking treatment (see IRS Publication 502)
- Treatment for learning disability caused by mental impairment, physical impairment, or nervous system disorders (Treatment must be recommended by a physician - see IRS Publication 502)
- Vaccinations
- Weight-loss program (only if medically necessary to treat existing disease and prescribed by a physician)
- Wheelchair
- Wigs (if purchased upon advice of a physician for the mental health of a patient)
- X-ray fees

### More information about eligible expenses

This list is subject to change without notice due to legislation. A list of these expenses is available at [www.IRS.gov](http://www.IRS.gov) in IRS Publication 502, "Medical, Dental, and Vision Expenses." In addition, [HSAstore.com](http://HSAstore.com) is also a useful resource.