



Health Savings Account

Frequently Asked Questions

These questions and answers summarize the basic concepts of a Health Savings Account (HSA). This document is not intended to provide all the information you need in order to make a decision on whether or not an HSA is right for you. You may want to consult your tax advisor.

What is a Health Savings Account?

A Health Savings Account (HSA) is an account that works in conjunction with a High-Deductible Health Plan (HDHP). The account allows you to put money aside on a tax-deductible basis. Unspent funds accumulate tax-free and roll over from year-to-year. (There is no “use it or lose it” rule as with a flexible spending account. [FSA]) An HSA gives you the freedom to spend the funds on qualified medical expenses or save them for the future. The HSA is your account. You own it. You fund it. And you can take it with you wherever you go.

- You are not listed as a dependent on someone else’s tax return
- You do not participate in APU’s health care Flexible Spending Account
- Your spouse is not enrolled in a health care Flexible Spending Account

Who owns the HSA?

You do. There is no “use it or lose it” rule as with a Flexible Spending Account.

How does an HSA work?

Contributions you make to your HSA are tax-deductible. You contribute to the account during the calendar year and deduct the contributions on your Federal income tax return. Funds you withdraw to pay for qualified medical expenses, as defined by Section 213(d) of the IRS Tax Code, are tax-free. If you use your HSA funds to pay for non-health-related expenses, the amount will be taxable and you will pay an additional 20 percent tax penalty. The tax penalty does not apply if you are disabled, reach age 65 or die, but is treated as gross income for tax purposes.

Can I roll over the money from my bank’s HSA?

Yes.

Do I have to claim APU’s contributions to my HSA on my income tax?

You do not have to claim contributions you receive from APU as gross income on your annual tax return.

Who is eligible for an HSA?

You are eligible for an HSA if you are covered only by a compatible High-Deductible Health Plan (HDHP). At APU, that is the Anthem HDHP. Other criteria for eligibility apply, including that:

- You are not covered by other health insurance
- You are not enrolled in Medicare (Part A and B)

How much can I contribute to an HSA?

For 2024, the maximum contribution (from employer and/or employee) set by the IRS for an individual account is \$4,150max; \$8,300 for family coverage max.

Catch-up Contributions:

– If you are age 55 or older, you can make an additional “catch-up” contribution of \$1,000.

My spouse and I are both over age 55. Can both of us make catch-up contributions?

Your Health Equity HSA will be in your name. If you both want to make catch-up contributions, then you must establish separate accounts.

Does my HSA contribution have to be made in equal amounts each month?

You can contribute the total amount in a lump sum at the beginning of the year, or you can choose to contribute in any amount or frequency you wish. Your account trustee/custodian, Health Equity, can impose minimum deposit and balance requirements. HSAs have a contribution deadline similar to an Individual Retirement Account (IRA). To claim contributions for the current tax year (January to December), the deadline is April 15 of the following year.

Do I need to keep any records when I use my HSA?

Although some financial institutions track the use of the HSA for you, it is a good idea to keep your own records. It is your responsibility to track the use of your HSA. The IRS may require you to show proof of your expenditures. We recommend you designate a place to store all your receipts so they are available when you need them.

Is an HSA the same as a health care Flexible Spending Account (FSA)?

There are some similarities, but here is what makes an HSA different from an FSA:

- Your HSA rolls over each year. There is no “use it or lose it” rule, so you can accumulate funds for future health expenses.
- Your HSA is portable. It is your own account, so you use the same account from one employer to the next.
- Interest or investment earnings on the HSA funds are tax-free.
- You can spend the funds on nonhealth purposes, although those funds will be taxed and additional penalties apply.

Do I pay for the full doctor’s office visit when I go to the doctor?

You are responsible to pay the amount your insurance has contracted to pay your doctor, typically a discounted rate, until your deductible is met. You can use your HSA for this expense. It is best to have your doctor’s office put the charge through to Anthem first so you receive credit toward your deductible and know exactly what to pay. Some doctors may require you pay up front, but most bill your insurance, then bill you once Anthem processes the claim. Make sure you do not pay more than your portion shown on Anthem’s Explanation of Benefits (EOB), which you receive from Anthem after your expense has been processed.

What medical expenses can be paid from an HSA?

Some examples of qualified medical expenses include:

- Unreimbursed medical expenses, including chiropractic visits and acupuncture for yourself and your dependents.
- Dental expenses, including braces for you or your dependents.
- Vision expenses, including Lasik eye surgery.
- Out-of-pocket expenses such as your deductible and copays.
- Medical insurance premium if you are unemployed and collecting federal unemployment benefits, or if you have COBRA continuation coverage through a former employer.
- Long-term care expenses and insurance.

You can find a complete list of allowable expenses for an HSA by checking IRS Publication 502 available online at www.irs.gov/pub/irs-pdf/p502.pdf.

Can I use my HSA for over-the-counter medicines and drugs?

Only prescribed medicines or drugs (including prescribed over-the-counter medicines and drugs) and insulin (even if purchased without a prescription) are considered qualifying over-the-counter (OTC) medical expenses. Most other OTC medicines and products are not eligible for reimbursement. You can find more information about changes the IRS made to OTC medicines on the IRS Web site at www.irs.gov. Type “over the counter medicines and drugs” in the search field.

Can I use my HSA funds to pay for my child(ren)'s medical expenses?

The money in your HSA can be used to pay for qualified medical expenses of any family member who qualifies as a dependent on your tax return.

What happens to my HSA if I change medical plans or leave APU?

Your HSA is portable, which means you can keep your HSA even if you:

- Change jobs
- Change your medical coverage
- Become unemployed
- Move to another state
- Change your marital status

We strongly encourage you to check with your financial institution to find out if any of these changes might impact your ability to contribute to or access funds tax-free from your HSA.

When I'm retired, can I still contribute to my HSA?

Yes, if you are covered by the Anthem High-Deductible Health Plan and are not enrolled in Medicare.

What happens to my HSA when I enroll in Medicare?

You are no longer eligible to contribute to your HSA, but you can continue to withdraw the funds and use them to pay for expenses such as Medicare premiums and out-of-pocket expenses (including Part A and Part B deductibles, copays and coinsurance, and long-term care insurance premiums). You also can use these funds to pay medical expenses for your spouse and your dependent children.

If you are age 65 or older and still working

We recommend that you contact Social Security to understand how long you can defer Social Security payments and Medicare Part A in order to continue contributing to your HSA.

What happens to my HSA if I die?

If you are married, your spouse becomes the owner of the account and can use it as his or her own HSA. If you are not married, the account will no longer be treated as an HSA. Instead the account will pass to your beneficiary or become part of your estate. You can find additional information on Health Savings Accounts in the IRS Publication 969 at www.irs.gov/pub/irs-pdf/p969.pdf.

Have Additional Questions?



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