

Health Savings Account (HSA)

Over the last several years, you have probably heard a lot about the concept of consumer driven health care. As health insurance costs have continued to increase due to an aging population, state-of-the-art technology, increased cost and prescribing of prescription drugs, and greater occurrence of “lifestyle-related” conditions, the savings once achieved through tightly managing health care delivery has been outpaced by inflation and rejected by consumers who demand more freedom. There are two parts to this plan. The medical plan (QHDHP) and the banking piece (HSA).

Part one, the QHDHP, will have a \$2,600 Individual/\$5,200 Family Deductible. Every service, including prescription drugs, will go toward the Deductible. Once you have satisfied the Out of Pocket Maximum amount, all medical services will be paid at 100% for the remainder of the plan year.

The QHDHP is accompanied by part two, a Health Savings Account (HSA). If you participate in the QHDHP, you can set aside money in a Health Savings Account (HSA) before taxes are deducted to pay for eligible medical, dental and vision expenses. **For 2017, the District will make a one-time \$300 contribution to your UMB Bank HSA.**

An HSA is similar to a flexible spending account in that you are eligible to pay for health care expenses with pre-tax dollars. There are several advantages of an HSA. For instance, money in an HSA can be invested much like 401(k) funds are invested. Unused money in an HSA account is not forfeited at the end of the year and is carried forward. Also, your HSA account is yours to keep which means that you can take it with you if you change jobs or retire.

Who is eligible to participate in a HSA?

You are eligible to participate in a HSA if you are covered by a QHDHP. Employees, dependent spouses and/or children who are covered by any non-qualified plan, including Medicare, are not eligible for the HSA.

You are ineligible if you and/or your spouse are contributing to a Section 125 FSA plan that is not a LIMITED FSA. Limited FSA is a flexible spending account that only reimburses you for eligible dental and vision expenses. You may have a Dependent Day Care Expense Account or participate in the Premium Savings program – these will not disqualify you.

How much can I contribute to my HSA?

The maximum amount that you can contribute to a HSA for the 2017 calendar year is \$3,400 for individual coverage and \$6,750 for family coverage. Additionally, if you are age 55 or older, you may make an additional “catch-up” contribution of \$1,000.



What are some of the advantages of a HSA?

Less monthly premium paid on a QHDHP allows for discretionary employee and District contributions into a personal Health Savings Account, which is then used to offset the cost of your healthcare services.

You may use the HSA funds for the same type of things covered by a Section 125 Flexible Spending Account (e.g. dental, vision, and prescription drug out-of-pocket costs), and some things which the Section 125 plan does not allow: COBRA premium, retiree health insurance premium other than Medicare supplement policies, Long Term Care insurance premiums, and health insurance premiums if you are receiving unemployment.

With the HSA, you have a triple tax advantage: contributions are tax-deductible (no Federal, State, or Employment taxes are deducted), earnings on your balance and investments are not taxed, and funds withdrawn for qualified expenses are not taxed.

The money in the HSA is always yours to use – even if you change back to a traditional medical plan at open enrollment, retire or leave the District. If you own an HSA account and later enroll in a non-qualified plan, you will no longer be able to contribute to the HSA, but your account will continue to accumulate interest. You may also withdraw from the account for qualified expenses for you and your dependents.

How do I open my HSA?

There are two steps to opening your HSA. First, you will need to elect to participate in an HSA during enrollment. Second, you must complete the District supplied Payroll Deduction Form and return the form to the District's Human Resources department.

For additional information please contact UMB Healthcare Services at UMB Bank at 866-520-4472 or hsaresearch@umb.com.

