

When can I start an HSA?

An individual is able to contribute funds to an HSA anytime during the year. You can contribute up to the maximum allowed contribution amount listed above. Amounts contributed are not pro-rated if you start mid-year. You can make a full year's contribution as late as December.

What expenses are covered under my HSA?

To avoid taxation, use your HSA funds to pay for qualified medical expenses. Some of these expenses include:

- Long-term care insurance
- COBRA health insurance premiums
- Other health insurance premiums only if the individual is receiving unemployment benefits).

A complete listing of qualified medical expenses can be found at www.irs.gov in publication 502, *Medical and Dental Expenses*.

NOTE: Beginning in 2010, nonprescription medications (other than insulin) no longer qualified as an HSA expense.

Kansas Insurance Department



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Health Savings Accounts (HSA)

A publication of the **Kansas Insurance Department**



What is an HSA?

A health savings account (HSA) is a combination of a high-deductible health plan (HDHP) and a savings account for future medical expenses. Individuals can use funds from this account to pay for specific medical expenses on a tax-free basis. Withdrawals for items other than designated health services will result in a significant tax penalty. Interest and other earnings on the assets in the account are tax-free. An HSA is portable, so you can take it with you even if you change employers or leave the workforce. The contributions remain in your account until you use them.

How do I get an HSA?

Your employer can contribute to an HSA or you can purchase one individually. The HDHP is purchased from a health insurance company, and a licensed HSA administrator (e.g. a bank or financial services company) would act as the “custodian” and administer the savings account portion.



Maximum amount allowed contributed to plan

	Individuals	Families
Calendar Year 2014	\$3,300	\$6,550
Calendar Year 2015	\$3,350	\$6,650

Maximum out-of-pocket expense

	Individuals	Families
Calendar Year 2014	\$6,350	\$12,700
Calendar Year 2015	\$6,450	\$12,900

How does an HSA work?

HSAs can be purchased to cover individuals or families. The deductibles must be satisfied each year before the health insurance company will pay any medical claims. This limit does not apply to deductibles and expenses for out-of-network services (if the plan uses a network of providers). Instead, only deductibles and out-of-pocket expenses for services within the

network should be used to figure whether the limit applies.

An individual can save up to the maximum contribution for the year (as announced by the Internal Revenue Service yearly; see chart above) regardless of the HDHP deductible.

In addition, the highest out-of-pocket expenses under the plan (including deductibles, copays and coinsurance) cannot exceed the amounts listed in the above chart.

For further information on HSAs, visit:
www.irs.gov