

Frequently Asked Questions

1. What are “qualified medical expenses”?

HSA distributions are tax-free if used for qualified medical expenses as defined by Internal Revenue Code Section 213(d). Refer to IRS Publication 502 at www.irs.gov for a partial list. Qualified medical expenses include (but are not limited to):

- Health plan deductible and coinsurance amounts
- Medical expenses not covered by your health plan (e.g., eye exam, contacts, glasses, LASIK vision treatment, dental services)
- Prescription drugs and over-the counter medicines (with a prescription)
- Qualified long-term care insurance premiums
- COBRA health care continuation coverage or other medical insurance premiums during periods of unemployment or temporary layoff
- Premiums and expenses for Medicare Part A or B
- Retiree health insurance premiums if age 65 or older

2. Who decides whether the money I’m spending from my HSA is for a “qualified medical expense”?

You are responsible for that decision, and therefore should familiarize yourself with what qualified medical expenses are (as partially defined in IRS Publication 502). You are also responsible for maintaining records/receipts of your medical expenses in case you need to defend your expenditures during an audit.

3. Can I use my HSA funds to pay for medical expenses incurred before I set up my account?

No. You cannot reimburse qualified medical expenses incurred before your account is established. We recommend you establish your account as soon as possible.

4. Can I use the money in my HSA to pay for medical care for a family member?

Yes, you may withdraw funds to pay for the qualified medical expenses of yourself, your spouse or a tax dependent without tax penalty. This is one of the great advantages of HSAs.

5. Do HSA funds roll over year after year and get invested?

Unlike some other types of accounts, you don’t lose HSA funds at the end of the year. The money invested in the HSA rolls over each year.

6. If I am no longer covered under an HDHP, what happens to the HSA funds?

The money in your account belongs to you. If you are no longer covered under an HDHP, further contributions to the account are not allowed. However, you can continue to use the account funds for your qualified medical expenses.

7. If I am covered under my spouse’s health plan, am I eligible to fund an HSA?

If your spouse’s plan does not meet the HDHP requirements, you are not eligible to contribute to the HSA. If your spouse’s plan does meet the minimum deductible and out-of-pocket maximum

requirements, you and your spouse can contribute to separate HSAs up to the maximum family contribution amount.

8. Can I fund an HSA even if I have other insurance that pays medical bills?

Yes, you may fund an HSA even if you have automobile, dental, vision, disability and long-term care insurance. You may also have coverage for a specific disease or illness, as well as hospital insurance that pays a fixed amount per day of hospitalization.

9. What happens if I don't use the money in the HSA for qualified medical expenses?

If the money is used for other than qualified medical expenses, the expenditure will be taxed and, for individuals who are not disabled or over age 65, subject to a 20% penalty.

10. What happens to the money in a Health Savings Account after I turn age 65 and am enrolled in Medicare?

You can continue to use your HSA money for out-of-pocket health expenses on a tax-free basis. When you enroll in Medicare, you can use your account to pay Medicare premiums, deductibles, copays, and coinsurance under any part of Medicare. The one expense you cannot use your account for is to purchase a Medicare supplemental insurance or "Medigap" policy.

To view more information regarding federal guidelines, visit the [US Treasury](#) website.