

If you are enrolled in or just exploring the possible savings of a high deductible plan health plan (HDHP), this information might help.

To ensure you have the funds to cover the deductible, you can set up an HSA, HRA or FSA; a separate account, to be used when needed for a *qualified medical expense*\*. **HSAs** are tax-free, accumulate tax-free interest and withdrawals are tax-free, as long as the withdrawn funds are used to pay for a qualified medical expenses to age 65. HSAs are portable and yours to keep; at the end of the year unused funds are in *your* bank account, not the carrier's.

To understand them better, here is a brief comparison:

	<b>Health Savings Account (HSA)</b>	<b>Health Reimbursement Account (HRA)</b>	<b>Flexible Spending Account (FSA)</b>
The Basics	Tax-advantaged; used to pay qualified medical expenses* with tax-free dollars.	Employer-Funded; used to reimburse employees for qualified medical expenses* with tax-free dollars	Employer-established, tax-advantaged, funded by employees to pay qualified medical expenses* with tax-free dollars
Who opens the account?	Employee or employer. Insureds must be in a HSA <i>qualified</i> HDHP. (see 2 <sup>nd</sup> matrix below)	Employer	Employer
Who contributes to it?	Employees, employers, or any third party	Employer	Employee
Who <i>owns</i> the account?	Employee	Employer	All unused funds revert to <i>employer</i> at end of year.
<b>Is there a limit on annual contributions?</b>	<b>Yes. \$3,500 for individuals &amp; \$7,000 families in 2019</b> <b>Age 55+ : \$1,000.00 extra**</b>	Yes, determined by employer	Yes, determined by employer
Do any unused funds carry over?	Yes; all funds can carryover.	Determined by employer	\$500.00 max may be carried over
Is it portable?	Yes	No	No
Can funds be used for retirement income?	After age 65, money can be withdrawn for any reason & is then taxed as income.	No	No

\*IRS Publication 969 [http://www.irs.gov/publications/p969/ar02.html#en\\_US\\_2016\\_publink1000204081](http://www.irs.gov/publications/p969/ar02.html#en_US_2016_publink1000204081) states: "Qualified medical expenses are those expenses that would generally qualify for the medical and dental expenses *deduction*. These are explained in [IRS Publication 502](https://www.irs.gov/pub/irs-pdf/p502.pdf), Medical and Dental Expenses" That document is available at: <https://www.irs.gov/pub/irs-pdf/p502.pdf>.

\*\*HSA account holders age 55 and older can contribute an extra \$1,000 annually to their HSA (which means \$4,500 for an individual and \$8,000 for a family) - and these contributions are 100% tax deductible from *gross* income. <https://www.irs.gov/pub/irs-drop/rp-17-37.pdf>

This table shows minimum and maximum annual amounts for *Qualified* HDHPs for 2019.

	<b>Self-only coverage</b>	<b>Family coverage</b>
Minimum annual deductible	\$1,350.00	\$2,700.00
2019 Maximum annual deductible & other out-of-pocket expenses*	\$6,750.00	\$13,500.00

\*"Deductibles & other out-of-pocket expenses" does **not** include premiums & apply to costs for services *within* the coverage network only.

The Chamber has several firms which can help you set up these accounts; please call for a referral, we'd be happy to assist you.