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Frequently Asked Questions About Health Savings Accounts

Q. What is a Health Savings Account (HSA)?

- A. A HSA is an individually-owned, tax-free, interestbearing savings account that is used to pay for qualified medical expenses either now or in the future. To be eligible for a HSA, you must participate in a high deductible health plan (HDHP).

HSA contributions can be made by you, your employer, or both. Money accumulated in an HSA may earn interest, and can be withdrawn to pay for qualified medical expenses for you, your spouse or your dependent(s) – even if your dependents are not covered by the HDHP.

Q. Who is eligible?

- A. To participate in a HSA, you must be enrolled in a qualified HDHP and not be covered by other health insurance that is not a qualified HDHP, such as Medicare. Also, you may not be claimed as a dependent on another person's tax return.

Q. What is a HDHP?

- A. A HDHP is a health plan with an annual deductible for an individual (self-only) or a family (coverage for more than one individual) that meets the minimum deductible amount published annually by the Internal Revenue Service.

In addition, the annual out-of-pocket expenses required by the plan do not exceed the out-of-pocket maximums published by the U.S. Treasury Department. Out-of-pocket expenses include deductibles, copayments, and other amounts you are responsible for, but do not include premiums or amounts incurred for non-covered benefits (such as amounts in excess of usual, customary and reasonable amounts, and financial penalties).

Q. Can a health plan that does not have a deductible for preventive care still qualify as a HDHP?

- A. A plan without a deductible or with a small deductible for preventive care can still be considered a HDHP. For this purpose, preventive care includes items like periodic health evaluations, routine prenatal and well-child care, child and adult immunizations, tobacco cessation programs, obesity weight-loss programs, and certain screening services.

Q. Who can offer a HDHP?

- A. A HDHP may be offered by a variety of entities, including insurance companies and Health Maintenance Organizations (HMOs).

Q. What other types of health coverage can you maintain without losing eligibility for a HSA?

- A. You are not eligible for a HSA if you are covered under another health plan (whether as an individual, spouse or dependent) in addition to your qualified HDHP unless you have any one or more of the following:
- Insurance under which substantially all of the coverage relates to liabilities from workers' compensation laws, torts, or ownership or use of property (such as automobile insurance).
 - Insurance for a specified disease or illness.
 - Insurance paying a fixed amount per day (or other period) of hospitalization.
 - Coverage (whether through insurance or otherwise) for accidents, disability, dental care, vision care, or longterm care.

Refer to the ADP TotalSource, Inc. Health and Welfare Summary Plan Description available within My TotalSource® for more details regarding Health Savings Accounts.