

Health Savings Accounts (HSAs)

<p>What is an HSA?</p>	<p>Tax-exempt account that can be used to pay or reimburse employees for certain medical expenses.</p>
<p>What are some advantages of an HSA?</p>	<ul style="list-style-type: none"> • HSAs make an employer's benefits package more attractive by helping employees pay out-of-pocket medical expenses in a tax-advantaged way. • Employer contributions to employees' HSAs are generally deductible business expenses. • All compliant HSA contributions are tax-exempt for the employee.
<p>What expenses can HSA funds be used to pay?</p>	<p>Most medical, dental, vision, and prescription drug expenses, but not most group or individual insurance premiums. Please read IRS Publications 969 and 502 for more information.</p>
<p>Which employees can have an HSA?</p>	<p>Employees must be covered under a high deductible health plan (HDHP) to contribute to or establish an HSA. For plan years that begin on or after Jan. 1, 2023, an HDHP is a plan with:</p> <ul style="list-style-type: none"> • A minimum deductible of \$1,500 for self-only coverage and \$3,000 for family coverage (\$1,400 and \$2,800, respectively, for plan years beginning in 2022); and • A maximum out-of-pocket expense limit of \$7,500 for self-only coverage and \$15,000 for family coverage (\$7,050 and \$14,100, respectively, for plan years beginning in 2022). <p>In addition, employees generally must not be:</p> <ul style="list-style-type: none"> • Enrolled in any other plan but the HDHP; • Enrolled in Medicare; or • A dependent on someone else's tax return.
<p>Who can contribute to an employee's HSA?</p>	<p>Anyone.</p>
<p>How much can be contributed to an HSA?</p>	<p>For 2023, the limit on all contributions for individuals with self-only HDHP coverage is \$3,850 (\$3,650 for 2022). For individuals with family HDHP coverage, the limit is \$7,750 (\$7,300 for 2022). These limits are \$1,000 higher for individuals age 55 or older at any time during the year.</p>
<p>Can employees carry over HSA funds from year to year?</p>	<p>Yes.</p>
<p>Is an HSA portable for the employee?</p>	<p>Yes.</p>
<p>What HSA requirements must an employer satisfy?</p>	<p>If contributing to employees' HSAs through a cafeteria plan, the employer must satisfy certain cafeteria plan nondiscrimination rules. All contributions to employees' HSAs outside of a cafeteria plan must be made on a comparable</p>

	<p>basis to all comparable participating employees. Comparable contributions must be either:</p> <ul style="list-style-type: none"> • The same amount; or • The same percentage of the annual deductible limit under the HDHP covering the employees. <p>Comparable participating employees:</p> <ul style="list-style-type: none"> • Are covered by an HDHP offered by the employer; • Are eligible to establish an HSA; • Have the same category of coverage (self-only or family coverage); and • Have the same category of employment (generally part-time or full-time).
<p>Can employers contribute to employees' HSAs without also offering a group health plan?</p>	<p>Yes, as long as those employees are eligible to have an HSA. See "Which employees can have an HSA?" above.</p>
<p>Is an HSA subject to COBRA?</p>	<p>No.</p>
<p>Where can I learn more about HSAs?</p>	<ul style="list-style-type: none"> • Employer FAQs • IRS Publication 15-B • IRS Publication 969