The HSA Authority
Your HSA Partner

Consumer Drive Health Care Facts

Is a High Deductible Health Plan with a Health Savings Account the right choice for you? The following are questions you should be asking as a consumer.

What is a better value?

Would you prefer lower monthly premiums in exchange for paying some of your pre-deductible healthcare costs out of your own pocket? Or would you rather pay higher monthly premiums in exchange for your insurer covering a portion of your healthcare costs from day one? When you choose a High Deductible Health Plan (HDHP), you get lower premiums and you can put that money to work for you in a tax-advantaged Health Savings Account (HSA). Keep in mind that with a traditional plan, more money is spent on premiums regardless of how much healthcare you actually use.

Have I considered all the costs of each plan?

To ensure you're comparing the two plans equally, you should consider all the costs associated with each plan option. HSAs typically include lower monthly premiums with a higher deductible. Traditional plans typically include higher monthly premiums, a lower deductible, copays and/or coinsurance. Depending on your healthcare use, an HDHP will likely cost less overall when comparing it to a traditional plan with continual copays and coinsurance.

Do I want to save for current and future healthcare expenses?

An HSA is an actual tax-advantaged savings account. You may choose to use the money in the account for current healthcare expenses or you may save for future expenses. Either way, the money is yours regardless of healthcare coverage or employment changes.

Will I lose my money if I don't use it by the end of the year?

HSAs do not have a "use it or lose it" provision. Unused funds will rollover from one year to the next. The amount rolled over doesn't affect your maximum contribution amount for each new year. This allows you an opportunity to build funds in your account for future use.

What are the tax advantages of an HSA?

All contributions, whether they're from your employer or deposited by you, are made on a pre-tax basis. Distributions, when used for qualified medical expenses, are tax-free. Also, the interest and dividends are tax-free until retirement. Like an IRA, the money in your account grows free from federal taxes indefinitely.

How can an HSA be used?

You can spend your HSA dollars on qualified medical expenses for yourself, or anyone you claim as a spouse or dependant on your personal income tax – even if that person is not covered by your HDHP. In general, qualified medical expenses would include: medical expenses, dental and vision expenses, alternative care, over-the-counter medications (prescribed by a doctor), Medicare expenses, and long-term care.