

## Description

A *health savings account* (HSA) is an employee-owned account that can be used to help Members manage their out-of-pocket costs for qualified medical expenses. In order to qualify for an HSA account, a member must be enrolled in a qualified high-deductible health plan (as defined by the IRS).

An HSA can be funded by the Member, his or her employer, or anyone on behalf of the member, up to the Member's deductible or limits set by the IRS.

HSA contributions are tax-deductible and earn interest, similar to Individual Retirement Accounts (IRAs), and require reporting to the IRS. Because the employee owns the HSA account, the funds are portable and will rollover year after year – employees who own an HSA can retain the funds in the event they terminate employment or terminate coverage under the HSA-compatible health care plan, and continue to use the funds to pay for qualified medical expenses. Contributions to the plan can only be made while the member is enrolled in a qualified high-deductible health plan

HSA funds can be used to pay for qualified medical expenses as defined in IRS 213(d), including some expenses that may not be covered by the Member's health plan. HSA funds used for non-qualified health care expenses are subject to taxes and a penalty.

## HSA-Compatible Plans

HSAs currently are available in combination with the following Tufts Health Plan products:

- Advantage HMO Saver
- Advantage PPO Saver
- Advantage EPO Saver
- CareLink<sup>SM</sup> plans with CIGNA Health Care as primary administrator

HSA-compatible medical plans require that medical and pharmacy services track to the same deductible and out-of-pocket maximum.

## Using the HSA

Members can use their HSA debit card to pay for eligible copayments at the point of service. Charges to the card will be declined if no funds are available in the Member's HSA account.

Members should not use their debit card to pay for deductibles or coinsurance at the point of service, as appropriate Member responsibility for those amounts is determined when the claim has processed. Members also should not use the HSA debit card to pay non-qualified medical expenses.

Members may also enter claims for qualified expenses to the HSA administrator via the member website and be reimbursed from their HSA funds.

