

# IS AN HSA RIGHT FOR ME?

Like any health care option, an HSA has advantages and disadvantages. As you weigh your options, think about your budget and what health care you are likely to need in the next year.

On the one hand, if you are generally healthy and want to save for future health care expenses, an HSA may be an attractive choice.

Or if you are near retirement, an HSA may make sense because the money in the HSA can be used to offset costs of medical care after retirement.

On the other hand, if you think you might need expensive medical care in the next year and would find it hard to meet a high deductible, an HSA might not be your best option.

You are not eligible to contribute to an HSA if you are eligible and enrolled in benefits under Medicare, or other disqualifying coverage.

If you are covered on the High Deductible Health Plan (HDHP), but you are also covered on another group health plan (such as your spouse's group plan) that is not an HDHP, you would also be ineligible to make contributions to an HSA.

Also, an HSA is not available to employees who are eligible for a spouse's medical spending account (FSA), unless the spouse's medical FSA is a Limited Medical FSA.

## How much can you put in an HSA?

St. Olaf will make the following contributions to your HSA account. Your HSA will be administered by Further, powered by Health Equity.

Contributions	Employee	Employee + 1	Family
<b>St. Olaf</b>	\$1,200	\$1,800	\$2,400
<b>Maximum for 2022</b> (St. Olaf + employee combined)	\$3,650	\$7,300	\$7,300
<b>Maximum for 2023</b> (St. Olaf + employee combined)	\$3,850	\$7,750	\$7,750

**Employees age 55 and older** can contribute an additional \$1,000 "catch up" contribution.

## How do I use my HSA to pay for medical care?

Follow these simple steps:

1. St. Olaf and/or you put money into the HSA.
2. You or a dependent receives medical services.
3. A bill for medical services is submitted as a claim to Blue Cross.
4. You receive an Explanation of Benefits for the service, which will reflect the amount due to the provider.
5. You can then choose to:
  - Use your HSA funds to pay the provider directly for the amount due
  - Pay the provider with personal funds and request reimbursement
  - Use your funds and save your HSA dollars for future medical expenses
6. You can repeat this process until you have met deductible and out-of-pocket maximums, after which benefits will be paid for the remaining plan year.

## How do I find information about medical costs and quality so I can make informed choices?

Call Member Services or log on to [Bluecrossmnonline.com](https://www.bluecrossmnonline.com) to search for providers and clinics that offer the medical services you need at the best cost.

## Can I withdraw money from an HSA for non-medical expenses?

Yes. If you withdraw funds for non-medical expenses before you turn 65, you have to pay taxes on the money plus a 20% penalty. If you withdraw funds after you turn 65, you avoid the 20% penalty, but the withdrawal becomes taxable income.

### TOP REASONS TO HAVE AN HSA

#### **Tax Savings & Earned Interest**

Contributions are tax-deductible and earn tax-free interest.

#### **Portability**

You own your account, and so even if you change jobs, your HSA funds are yours to keep.

#### **Affordable Health Coverage**

You can use the HSA to cover 100% of out-of-pocket costs for routine medical expenses, such as office visits, lab tests, and prescription medications.

#### **Reduced Insurance Premiums**

The cost of coverage under the HDHP is lower than the Core Plan.

#### **Long-Term Savings**

Contributions to your HSA accumulate and roll over year-to-year with no limit, which allows the account to grow tax-deferred.

#### **Retirement Bonus**

After age 65, you may withdraw funds for any reason with no penalties. (If used for non-medical purposes, however, taxes will be imposed.)

#### **Safety Net**

An HSA has no “use it or lose it” restrictions, and so you may build up balances to use for major medical events.

#### **Coverage for the “Extras”**

You may use HSA funds to pay for services often not covered by a medical plan, including dental and vision expenses.

#### **Money That Works for You**

You may invest balances over a certain amount.

#### **Empowerment**

You can take control of your health care decisions, including which providers you want to use, to ensure your health care dollars are spent wisely.

## Example Comparisons Between Core Plan and HDHP/HSA

### EMPLOYEE ONLY

Employee Only Coverage	Core Plan Tier 1	HDHP/HSA Tier 1	Difference
Annual Premium	\$2,496	\$1,848	\$648
Annual out-of-pocket maximum	\$4,000	\$4,000	\$0
<b>Annual Premium + Out-of-Pocket</b>	<b>\$6,496</b>	<b>\$5,848</b>	<b>\$648</b>
HSA Contribution	\$0	-\$1,200	\$1,200
<b>Total Cost</b>	<b>\$6,496</b>	<b>\$4,648</b>	<b>\$1,848*</b>

### EMPLOYEE + 1

Employee + 1 Coverage	Core Plan Tier 1	HDHP/HSA Tier 1	Difference
Annual Premium	\$6,420	\$4,884	\$1,536
Annual out-of-pocket maximum	\$8,000	\$8,000	\$0
<b>Annual Premium + Out-of-Pocket</b>	<b>\$14,420</b>	<b>\$12,884</b>	<b>\$1,536</b>
HSA Contribution	\$0	-\$1,800	\$1,800
<b>Total Cost</b>	<b>\$14,420</b>	<b>\$11,084</b>	<b>\$3,336*</b>

### FAMILY

Family Coverage	Core Plan Tier 1	HDHP/HSA Tier 1	Difference
Annual Premium	\$9,576	\$7,320	\$2,256
Annual out-of-pocket maximum	\$8,000	\$8,000	\$0
<b>Annual Premium + Out-of-Pocket</b>	<b>\$17,576</b>	<b>\$15,320</b>	<b>\$2,256</b>
HSA Contribution	\$0	-\$2,400	\$2,400
<b>Total Cost</b>	<b>\$17,576</b>	<b>\$12,920</b>	<b>\$4,656*</b>

\* This does not include the savings on the preventive prescription drugs that the plan provides or additional tax saving by contributing to the HSA