



Frequently asked questions about HSAs

If you're thinking about a Health Savings Account (HSA), you probably have questions about how it works. Here are the basics.

What can I do with an HSA?

You can use the funds you set aside in your account to pay for qualified medical, pharmacy, dental, and vision expenses as they occur or save your HSA funds. When you're ready to use your HSA funds, you can use your HSA debit card to make purchases or you can pay for the expense out-of-pocket and reimburse yourself later. Also, remember to keep all medical receipts and Explanation of Benefits (EOB)!

What is a qualified expense?

Qualified (eligible) medical, dental, vision and prescription expenses are designated by the IRS and can include various products and services.

Eligible expenses include:

- Acupuncture
- Birth control treatment
- Blood sugar test kits for diabetics
- Breast pumps and lactation supplies
- Crutches
- Dental treatments (including X-rays, cleanings, fillings, sealants, braces, and tooth removals)
- Doctor's office visits and co-pays
- Drug addiction treatment
- Eyeglasses (Rx and reading)
- Hearing aids and batteries
- Physical therapy
- Speech therapy
- Smoking cessation programs

Ineligible expenses include:

- Cosmetic surgery
- Electrolysis or hair removal
- Toiletries (e.g. toothbrush, toothpaste)
- Over-the-counter medicines without a doctor's prescription

See [IRS Publication 502](#) for guidelines and specifics.

Who can contribute to my HSA?

Contributions to HSAs can be made by you, your employer, or both. Total annual contributions from all sources may not exceed annual limits:

- \$3,550 for individual coverage (2020 limit)
- \$7,100 for family coverage (2020 limit)
- If you are 55 or older you can make additional "catch-up" contributions up to \$1,000 per year

When can I start using my HSA dollars?

You can use your HSA dollars immediately following your HSA account activation and once contributions have been deposited. You can only spend up to your account balance, and only on expenses incurred after your account was established.

When and how often can I contribute to my HSA account?

You can contribute to your HSA account through payroll deductions if allowed by your plan. You can also make deposits directly to your HSA account periodically or in a lump sum, just like making a bank deposit. Deposits can be made up to the April 15 tax filing deadline for the prior year.

What if I have HSA dollars left in my account at year-end?

Your balance will automatically roll over for use next year or whenever you need it.

What happens to my HSA dollars if I leave my employer?

The HSA account goes with you. You may elect one of the following options:

- Leave your funds in the current HSA account
- Transfer your funds to an HSA with your new employer
- Transfer your funds to another qualifying account within 60 days

My employer offers an FSA – can I have both an FSA and an HSA?

It depends. An HSA makes you ineligible for a general Flexible Spending Account (FSA). However, if your employer offers a “limited purpose” FSA (limited to dental, vision or preventive care) then you may still be eligible to participate in both an HSA and limited FSA.

Can the funds in an HSA be invested?

If your plan allows, you can invest the funds in your HSA. The same types of investments permitted for IRAs are allowed for HSAs, including stocks, bonds, mutual funds and certificates of deposit. Some employer sponsored HSA plans have different minimum balance requirements for investment.