

HEALTH SAVINGS ACCOUNT (HSA) INFORMATION – ACTIVE EMPLOYEES

The High Deductible Health Plan (PDHP) is a type of major medical health plan which qualifies for use with a Health Savings Account (HSA). HSAs are tax deferred accounts that are similar to Flexible Spending Accounts (FSAs). HSAs can be used to pay for current or future healthcare expenses. HSAs can be used for eligible...

- Medical expenses,
- Deductibles,
- Co-insurance,
- Prescriptions,
- Vision Expenses
- Dental Care
- Members who have an HSA, can enroll for a Flexible Spending Account, but the FSA will be limited to only covering vision and dental expenses.
- Please visit www.irs.gov/pub/irs-pdf/p502.pdf for a complete list of qualified medical expenses eligible to be paid from HSAs. A summary list is on the reverse side of this document.

Contributions to HSAs can be from both the employer and employee. For 2019, the City of Richardson will contribute to HSA accounts of active employees enrolled in the High Deductible Health Plan.

- The City will contribute \$750/year for members enrolled in the employee only tier OR \$1,500/year for those enrolled in any of the employee + dependent(s) tier.
- Employees can contribute up to \$3,500/individual per year; and up to \$7,000/for employee + dependent(s) per year.
- These maximum limits are inclusive of both employee and employer contributions
- Employees age 55+ can contribute up to an additional \$1,000/year (catch-up provision)
- Active employees enrolled with the High Deductible Health Plan will be able to contribute to their HSA on a pre-tax basis through payroll deduction.
- HSAs cannot apply to those age 65 & over (e.g. those who are Medicare eligible) nor can they be used by anyone on Disability Medicare.

Any funds that have accumulated in an HSA account can rollover from year to year. After age 65, any leftover funds can be withdrawn for any purpose without penalty.

HSA Bank is the city's contracted HSA provider. Each employee who enrolls with the HDHP will have their own HSA account, (similar to a regular bank account). Each individual with an HSA will be able to track employer and employee deposits as well as expense usage. The City's contribution to the member's HSA will be prorated per payperiod throughout the plan year.

It is important to note, there are IRS rules governing HSAs. You will need to be diligent in knowing what HSA funds can be used for and what they cannot be used for. If HSA funds are used incorrectly, there can be a tax penalty. It is good practice to keep all necessary documentation when funds from an HSA are used (for tax audit purposes).

Medical Eligible Expenses for Health Savings Accounts (HSAs)

Acupuncture	Lifetime Care—Advance Payments
Alcoholism	Lodging - for medical care
Ambulance	Long-Term Care
Artificial Limb	Meals - for medical care
Artificial Teeth	Medical Conferences
Bandages	Medical Information Plan
Breast Reconstruction Surgery	Medical Services
Birth Control Pills	Medicines (excluding over-the-counter without an Rx)
Braille Books and Magazines	Nursing Home
Capital Expenses - ramps, rails, etc.	Nursing Services & Home Care
Car - special design	Operations
Chiropractor	Optometrist
Christian Science Practitioner	Organ Donors
Contact Lenses	Osteopath
Crutches	Oxygen
Dental Treatment (not teeth whitening)	Pregnancy Test kit
Diagnostic Devices	Prosthesis
Disabled Dependent Care Expenses	Psychiatric Care
Drug Addiction - inpatient treatment	Psychoanalysis
Drugs (excluding over-the-counter)	Psychologist
Eyeglasses	Special Education
Eye Surgery	Sterilization
Fertility Enhancement	Stop-Smoking Programs
Founder's Fee - care at retirement home	Surgery
Guide Dog or Other Animal	Telephone for hearing-impaired
Health Institute	Television for hearing impaired
Health Maint. Org. (HMO)	Therapy
Hearing Aids	Transplants
Home Improvements - ramps, lifts, etc.	Transportation - for medical care
Hospital Services	Trips - for medical care
Insurance Premiums - see IRS list	Vasectomy
Laboratory Fees	Vision Correction Surgery
Lead-Based Paint Removal	Weight-Loss Program
Learning Disability	Wheelchair