



Health Savings Account



How you can pair a health savings account
with a high-deductible health plan



Three questions to ask if you're considering a high-deductible health plan with an HSA.

1 What's an HSA and how does it help me save?

A health savings account (HSA) is a way for you and your employer to set aside money to pay health care expenses for you and your family. HSAs allow you to save money because you fund them with money that isn't taxed. From year to year, you can use the money you contribute to your HSA to help pay for qualifying future and post-retirement health care expenses.

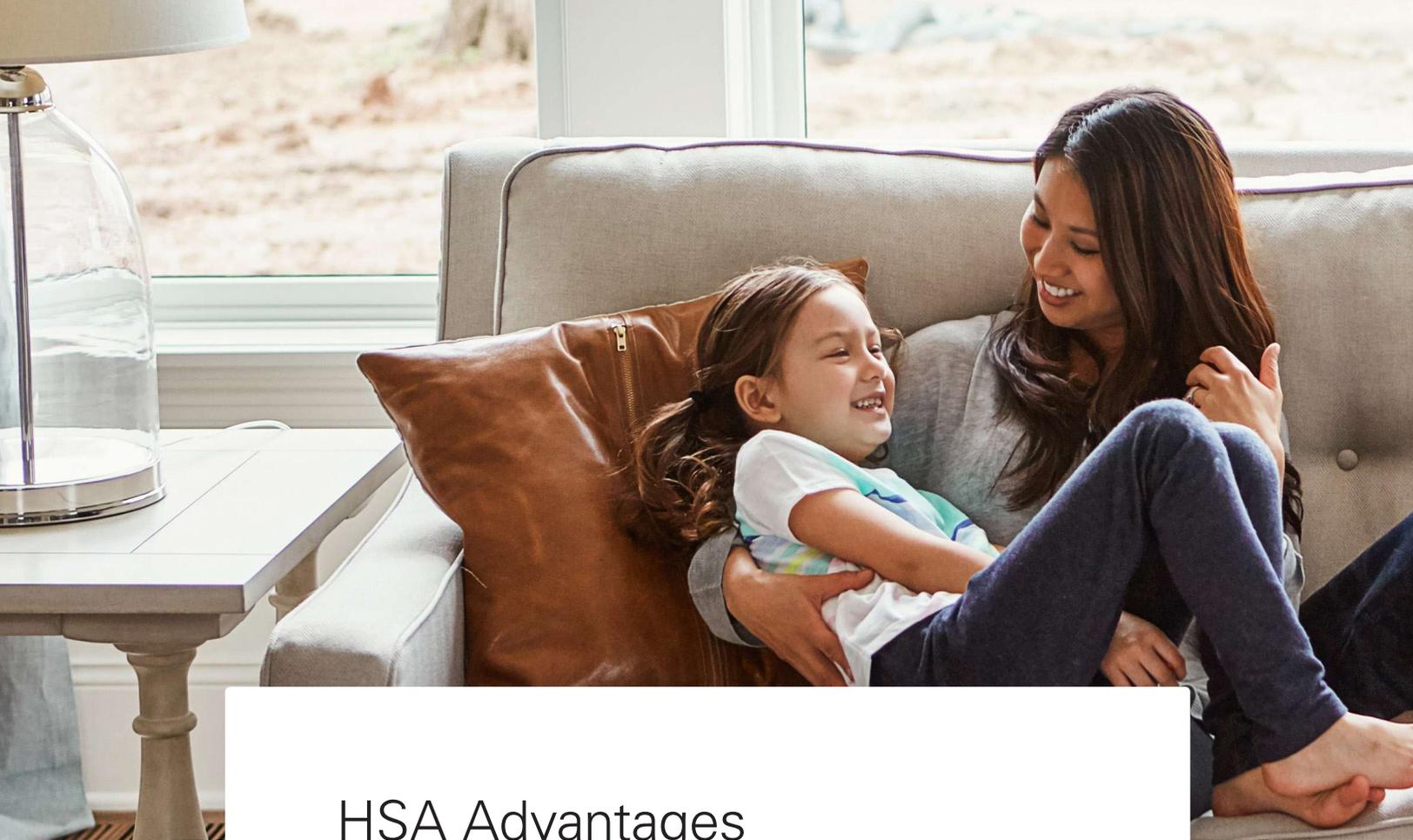
2 How is a high-deductible health plan (HDHP) different from traditional coverage?

Typically in a high-deductible health plan, you pay more upfront costs. But you can pair it with an HSA funded with pre-tax dollars to offset those costs.

3 Is an HSA right for me?

Whether or not you have a lot of health care expenses, you can pay for qualified health care expenses with tax-free dollars from your HSA.





HSA Advantages

HSAs offer you a smart way to save for health care expenses. The most obvious benefit of an HSA is contributing funds before taxes, but HSAs have other unique financial advantages.

- › HSAs don't have a time limit, so balances roll over each year.
- › HSA funds earn tax-free interest.
- › You can invest HSA funds.
- › HSAs can help in your overall retirement strategy.
- › Gains on HSA investments are tax free.
- › The funds belong to you, even if you change jobs.



HSA Savings Example*

Jennifer has an HSA-eligible plan for herself, her husband and two children. She contributes \$6,000 to her HSA.

Jennifer's Health Plan		
In-network deductible	Out-of-pocket maximum	Health plan pays (network)
\$5,000	\$10,000	80%

Her family has \$5,500 in health care expenses for the year, which meets her \$5,000 deductible. Her health plan pays 80% of the remaining \$500 (\$400) and she pays 20% (\$100).

Starting HSA Balance	Amount Paid to Meet Deductible	Amount Paid after Deductible	HSA Balance to Carry Over	Federal Tax** Savings
\$6,000	\$5,000	\$100	\$900	\$1,500

* This is only an example. Situations will vary based on plan specifics.

** Federal tax savings based on a \$6,000 contribution at a 25% federal tax level.



Are You Eligible to Contribute to an HSA?

Your Situation	Eligible to Contribute?
You're enrolled in an HSA-qualified plan only.	Yes
You're enrolled in an HSA-qualified plan and in Medicare.	No
You're enrolled in an HSA-qualified plan, and your spouse is enrolled in Medicare.	Yes
You're enrolled in an HSA-qualified plan, and your spouse is also enrolled in a high-deductible plan through their employer.	Yes
You have HSA-qualified family coverage, and your spouse has traditional coverage that includes the children, but not you.	Yes
You have HSA-qualified family coverage, and your spouse has traditional coverage and a health care Flexible Spending Account (FSA) or Health Reimbursement Arrangement (HRA).	No, regardless of whether you are covered under your spouse's medical plan.
You have HSA-qualified family coverage, and your spouse has family traditional coverage that covers you.	No

Setting Up Your HSA

1 Choose an HSA Administrator

You can choose any HSA administrator for your account. (If you want to fund your HSA through payroll deduction, ask your employer which administrators you should use.)

2 Decide How Much to Contribute

Confirm your employer's contribution and decide how much money you want to put in the HSA. See contribution limits below.

3 Ask Your Employer for Tax-Free Payroll Deductions

If you choose to contribute to your HSA through payroll deduction, ask your employer to withhold an equal part of your annual contribution amount each pay period. Contributions are tax free.



2025 IRS Employer & Employee Combines Contribution Limit

- › Individuals: **\$4,300**
- › Family: **\$8,550**
- › HSA holders age 55 and older can make catch-up contributions **up to \$1,000 per year**



2026 IRS Employer & Employee Combines Contribution Limit

- › Individuals: **\$4,400**
- › Family: **\$8,750**
- › HSA holders age 55 and older can make catch-up contributions **up to \$1,000 per year**



Using Your HSA For Health Care Expenses

- 1 Visit a provider in your BlueCross network.
- 2 Pay the provider directly from your HSA account or other method. If you choose another method for payment, you can pay yourself back from your HSA. Providers may ask for the entire payment at the time of service.
- 3 After you reach your deductible, your health plan will cover a percentage of your eligible health care expenses (typically 80% or 100%, depending on your plan).
- 4 After you reach your out-of-pocket maximum, your health plan will cover care from providers in your network at 100%.

Examples of HSA-Qualified Health Care Expenses*

- › Deductibles
- › Copays
- › Coinsurance
- › Prescription medications
- › Dental expenses
- › Vision care
- › Hospital services

* Refer to IRS publication 213(d) for a complete list of qualified health care expenses.

Non-Qualified Expenses

The true benefit of an HSA is the tax break you receive. You won't pay taxes for contributions or withdrawals if you use the funds for qualified health care expenses. While the money in the account is yours, you lose the tax break for any amount you spend on nonqualified expenses. The tax penalty is the standard income tax, plus 20% for people under age 65, except in cases of death or disability.

Reminders About Using Your HSA

Other Premiums

Generally, premiums are NOT HSA-qualified expenses. Here are a few exceptions:

- › Qualified long-term care premiums
- › COBRA payments
- › Premiums for health coverage while receiving unemployment benefits
- › Medicare premiums (Medicare Supplement premiums are NOT eligible)

Medicare Enrollment

Before Medicare Enrollment:

You can contribute to your HSA while enrolled in an HSA-qualified plan.

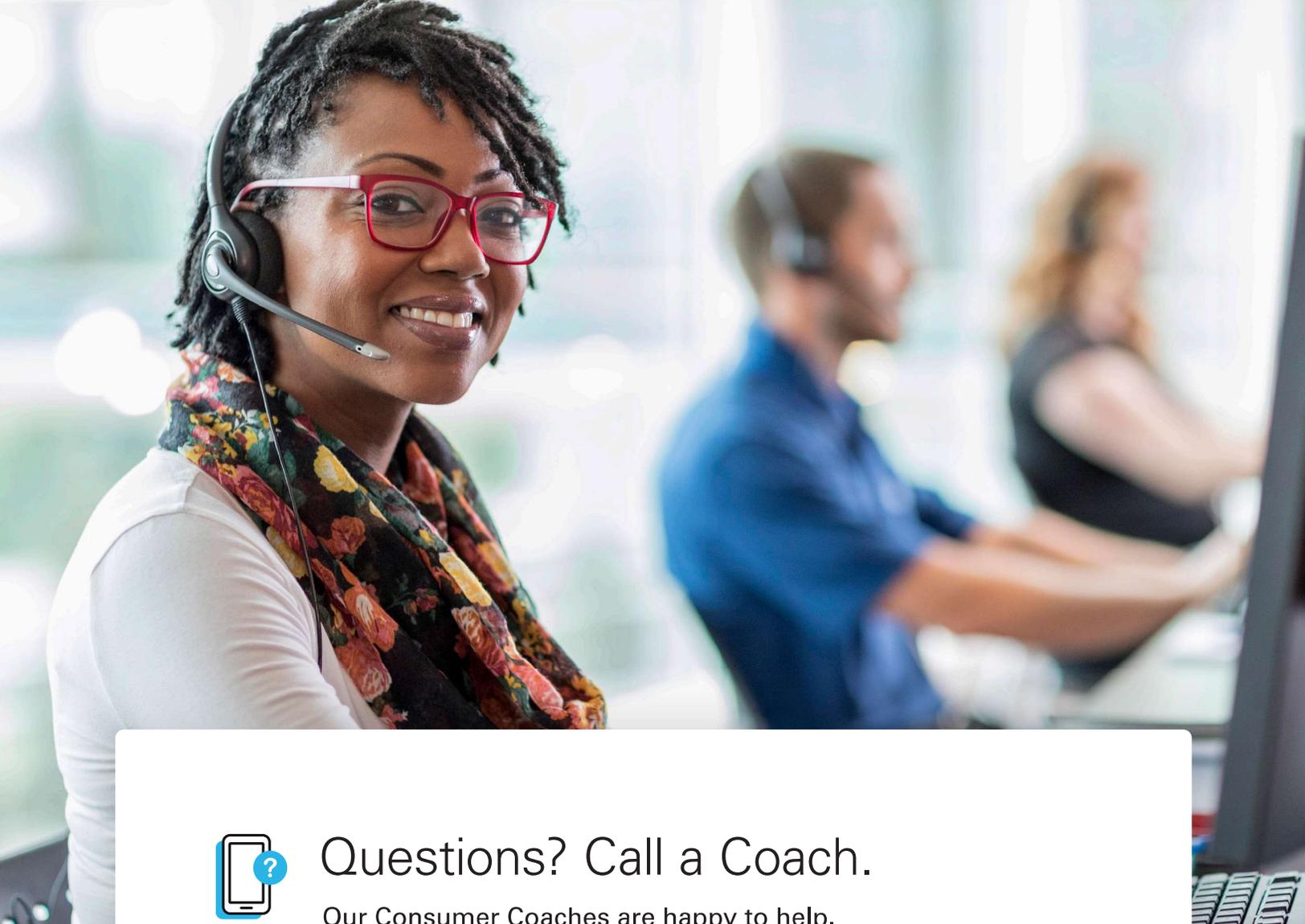
After Medicare Enrollment:

You can no longer fund your HSA, but you can use the money in the account for eligible health care expenses.

Record Keeping & IRS Reporting

Keep a record of all HSA expenses. You'll need to report any HSA funds you use for nonqualified expenses as income when you file your tax returns

* This information is provided for general use and isn't legal or tax advice. Please direct specific questions to your legal counsel or tax professional.



Questions? Call a Coach.

Our Consumer Coaches are happy to help.

If you have questions about:

- › Setting up your HSA
- › Choosing your health plan
- › Using online tools at **bcbst.com**

We're happy to help you.

Please contact us at:

1-800-527-9206

ConsumerCoach@bcbst.com

Click to Chat

Log in to your online BlueCross account to chat with us.

For other questions about your HSA, please contact your HSA administrator.

