



Health Insurance Specialist

Ronald Bommarito | President | Licensed Insurance Counselor

P (800) 982-8282 | F (866) 373-0416

www.healthspecialist.com

HSA Basics

Health savings accounts allow you to save money for your health care needs while maximizing tax savings.

How does it work?



Choose

Blue Cross Blue Shield of Michigan offers two health care plan options that meet U.S. Treasury Department requirements for HSA eligibility. Select the plan that best fits your needs.



Save

You make tax-free contributions to your HSA. Money not used by the end of the calendar year rolls over to the next year and can earn interest. Once your balance reaches a specific dollar amount, you may invest the money in a variety of investment options.



Invest

The HSA Advantage

- HSA plans offer lower health care premiums.
- An HSA provides triple tax savings: tax deductions when you contribute to your account, tax-free earnings through investment and tax-free withdrawals for qualified medical expenses.
- You can use HSA funds to cover qualified medical expenses, including:
 - Health insurance or medical expenses if you're unemployed
 - Qualified long-term care insurance
 - Medicare premiums and out-of-pocket expenses
 - Medical expenses after retirement
 - Medicare Advantage premiums

Individual Health Savings Account Plan Example*

Mary enrolled in an HSA-compliant health plan with individual coverage for herself. She may contribute up to \$2,850 into her HSA on a pretax basis. She chooses to contribute \$2,500.

Mary's Health Plan

In-network deductible: \$2,500

Maximum out-of-pocket: \$5,000 (including deductible)

	In-Network	Out-of-Network
Health plan pays	80%	60%
Individual pays	20%	40%
Preventive care: 100% coverage (deductible does not apply)		
Pharmacy coverage: Subject to deductible		

Scenario

During the year, Mary has in-network health care expenses of \$1,000 that are not considered preventive care. Because her deductible is \$2,500, Mary is responsible for all of these costs. She chooses to pay only \$600 of these expenses from the balance in her HSA, because she wants to start saving for her future health care needs.

Estimated reduction in federal income tax	Amount in HSA	Amount paid from HSA	Amount paid by health plan	Remaining out-of-pocket expense	Amount remaining in HSA to carry over
\$583	\$2,500	\$600	\$0	\$400	\$1,900 (plus earnings)

*This example is for illustrative purposes only. Individual situations will vary depending on the specifics of the HSA-compliant health plan and individual contributions. This example assumes a 28 percent tax bracket.

Family Health Savings Account Plan Example*

John enrolled in an HSA-compliant plan with family coverage for himself, his wife and two children. He may contribute up to \$5,650 but he chooses to contribute \$5,000.

John's Health Plan

In-network deductible: \$5,000

Maximum out-of-pocket: \$10,000 (including deductible)

	In-Network	Out-of-Network
Health plan pays	80%	60%
Individual pays	20%	40%
Preventive care: 100% coverage (deductible does not apply)		
Pharmacy coverage: Subject to deductible		

Scenario

During the year, John and his family have in-network health care expenses of \$6,000 that are not considered preventive care. John chooses to pay these expenses from the balance in his HSA. Because his deductible is \$5,000, the health plan covers 80 percent of the remaining \$1,000, or \$800. This leaves \$200 (20 percent) as John's out-of-pocket expense.

Estimated reduction in federal income tax	Amount in HSA	Amount paid from HSA	Amount paid by health plan	Remaining out-of-pocket expense	Amount remaining in HSA to carry over
\$1,033	\$5,000	\$5,000	\$800	\$200	\$0

*This example is for illustrative purposes only. Individual situations will vary depending on the specifics of the HSA-complaint health plan and individual contributions. This example assumes a 28 percent tax bracket.