Frequently Asked Questions (FAQs)

1. What is a Health Savings Account?

A Health Savings Account (HSA) is a savings product that offers a different way to pay for healthcare. HSAs enable participants to pay for current health expenses and save for future qualified medical and retiree health expenses on a tax-free basis.

Only those enrolled in a qualifying High Deductible Health Plan (HDHP) can take advantage of HSAs. The best part about an HSA is that the participant owns and controls the money in the HSA, without any third-party or health insurer telling them how to use it.

2. What are the benefits of an HSA?

HSA participants enjoy several benefits, including:
- They can claim a tax deduction for contributions.
- Contributions to the HSA made by an employer (including contributions made through a cafeteria plan) may be excluded from the participant's gross income.
- The contributions remain in the HSA from year to year until they are used.
- The interest or other earnings on the assets in the HSA are tax free.
- Distributions may be tax free if they are used to pay for qualified medical expenses.
- An HSA is "portable" so it stays with the participant if they change employers or leave the workforce altogether.

3. Does an HSA pay for the same things that regular insurance pays for?

HSA funds can pay for any "qualified medical expense," even if the expense is not covered by the HDHP. For example, most health insurance does not cover the cost of over-the-counter medicines, but HSAs can. If the money from the HSA is used for qualified medical expenses, then the money spent is tax-free.

4. What is included as "qualified medical expenses"?

You can access a complete list of medical expenses at flexhsa.com or refer to IRS Publication 969 for further guidance, which is available at www.irs.gov.

5. Who decides whether the money used from the HSA is for a "qualified medical expense?"

The HSA participant is responsible for that decision, and therefore should become familiar with what qualified medical expenses are (refer to Publication 969 available at www.irs.gov).

6. What happens if the money in the HSA is not used for qualified for medical expenses?

If the money is used for items other than qualified medical expenses, the expenditure will be taxed and, for individuals who are under age 65, subject to a 20% tax penalty.

7. Who can contribute to an HSA?

Any eligible individual can contribute to an HSA. For an employee's HSA, the employee, the employee's employer, or both may contribute to the employee's HSA in the same year. For an HSA established by a self-employed (or unemployed) individual, the individual can contribute. Family members or any other person may also make contributions on behalf of an eligible individual.

8. Are there any HSA contribution limitations?

The amount that can be contributed to the HSA depends on the type of HDHP coverage the participant has, their age, the date they become an eligible individual, and the date they cease to be an eligible individual.

9. What is FlexHSA?

FlexHSA is a proprietary HSA product offering and the registered trademark of Flexible Benefit Service Corporation. FlexHSA offers a unique combination of services and tools to manage and grow the HSA – called The Complete HSA. These resources simplify the HSA experience for any individual, employee or employer.

10. Which banking institution holds the FlexHSA funds?

FlexHSA monies are held in an interest-bearing FDIC insured account with Bank of America.

11. What is the contact information for FlexHSA?

FlexHSA can be contacted various ways, including:

- Mailing Address: 10275 W. Higgins Road, Suite 500, Rosemont, IL 60018
- Toll-Free: 888-FLEXHSA (353-9472)
- Fax: 847-440-9063
- Email: flexhsa@flexiblebenefit.com
- Web: www.flexhsa.com

12. When will new HSA participants receive their account information and debit card?

Once the HSA is opened, a new participant will receive a Welcome Kit and a FlexMoney® Card Visa® debit card (in separate mailings) within 10 business days.

13. Should transactions on the FlexMoney Card go through as credit or debit?

Participants can select credit. Alternatively, they will also have the option to select debit and enter the PIN provided in the mail.

14. How can contributions be made to the HSA?

Participants must go to www.flexhsa.com and log into their HSA. From there, it is an easy three-step process to make contributions. They can set-up a one time contribution or establish automatic monthly contributions to the HSA directly from the web portal.

15. If a debit card is lost, how should it be reported?

Lost or stolen debit cards can be reported through the web portal by logging into the HSA via www.flexhsa.com. Once logged in, they can click "Order Debit Card" and complete the Report Card Lost or Stolen section, to report the lost or stolen debit card. Alternatively, a participant can call 888-353-9472 to have their debit card reported as lost or stolen.

16. How can HSA beneficiaries be changed?

Participants can log into their HSA at www.flexhsa.com. From there, in the "Profile" tab at the top there is a "Dependents and Beneficiaries" section. There you will be able to add or update your beneficiary information. Alternatively, you can visit the forms section of www.flexhsa.com complete a Beneficiary Change Form and submit it to FlexHSA.

17. How will a participant's health insurance plan affect the HSA during the employers "Open Enrollment" period?

The HSA would not be affected as long as the participant remains active under a High Deductible Health Plan (HDHP) that is HSA compatible. If the health insurance plan is changed to a non-qualified HDHP, then the participant would no longer be able to contribute to the HSA. However, they can still use the money in the HSA to pay for qualified medical expenses on a tax free basis.

18. If a participants status changes from single to family or vice versa, would the HSA contribution maximum change?

Yes, the maximum HSA contribution would have to be pro-rated for the months that the participant is eligible under the family or individual health insurance plan.

19. Can funds be transferred from an Individual Retirement Account (IRA) to the HSA?

Transfers from an IRA are allowed from 2007 onward. Only one transfer from an IRA to the HSA is allowed, and the transferred amount cannot exceed the maximum annual contribution to the HSA for the year in which the transfer occurs. All IRA transfers must be in cash to ensure the transfer is coded as a contribution for the year. Transfers are allowed from IRAs and Roth IRAs; transfers are not allowed from a SIMPLE IRA. IRA transfers count against the HSA contribution limit for the year the transfer is made and must be transferred by December 31 of the same year.

HSA to HSA transfers can also be done and they are not counted against the HSA contribution limit for the year the transfer is made.

20. What happens to the HSA once a participant reaches age 65?

The participant can continue to use the HSA tax-free for out-of-pocket health expenses. When they enroll in Medicare, they can use the HSA to pay Medicare premiums, deductibles, copays and coinsurance under any part of Medicare. If they have retiree health benefits through a former employer, they can also use the HSA to pay for their share of retiree medical insurance premiums.

The one expense they cannot use the HSA for is to purchase a Medicare supplemental insurance or "Medigap" policy. Once they turn age 65, they can also use the HSA to pay for things other than medical expenses without penalty. If used for other expenses, the amount withdrawn will be taxable as income but will not be subject to any other penalties. Individuals under age 65 who use the HSA for non-medical expenses must pay income tax and a 10% penalty on the amount withdrawn.

21. Can the HSA be used to pay for health insurance premiums?

The HSA can only be used to pay for health insurance premiums if the participant is collecting Federal or State unemployment benefits, or if they have COBRA coverage. Once they are enrolled in Medicare, any health insurance premiums except for Medicare Supplement policies can be paid for tax-free from the HSA.

22. Can the HSA be used to pay for long-term care insurance?

Yes, as long as the participant has tax-qualified long-term care insurance. However, the amount considered a qualified medical expense depends on the age of the HSA participant. See IRS Publication 502 for the amounts deductible by age.