



Qualified High Deductible Health Plan *and* Health Savings Account Question and Answer

Section 1 – Qualified High Deductible Health Plan – Q&A

1. Q: What is a Qualified High Deductible Health Plan (QHDHP)?
A: A QHDHP covers health care services (office visits, hospital tests, therapy, prescriptions, etc.) only after an individual or a family has met the deductible. However, routine wellness services from in-network providers are covered by the Plan at 100% and are not subject to the deductible. The QHDHP usually has lower employee premiums than the PPO plan. The Bradley University QHDHP utilizes the same PPO provider network as the PPO Plan.

2. Q: How does the health plan of benefits work?
A: You have a deductible to meet each benefit year. The deductible must be satisfied before your health plan benefits begin.

3. Q: Are there any benefits under this health plan that are NOT subject to the deductible?
A: Yes, routine wellness benefits are NOT subject to the deductible. If you receive services from an in-network provider, those benefits are paid at 100%.

4. Q: How does the family deductible calculate on the high deductible health plan?
A: The entire family deductible must be met (by one person or a combination of the entire family) before benefits are payable.

Section 2 – Health Savings Account – Q&A

- 1 Q: What is a Health Savings Account (HSA)?
A: If you are enrolled in a Qualified High Deductible Health Plan, you can establish a tax-exempt Health Savings Account with your own funds. You can use these funds to pay for qualified medical, dental and prescription services.

- 2 Q: Who is eligible to establish an HSA?
A: Individuals covered under a Qualified High Deductible Health Plan;

Individuals that are not covered under any other type of health benefit that covers some of the medical expenses that are covered by a high deductible health plan;

Individuals that are not enrolled in Medicare;

Individuals that are not claimed as a dependent on someone else's tax return.

- 3 Q: What are qualified medical care expenses that are eligible under an HSA?
A: Qualified medical expenses are those as defined in IRC 213(d). HSA funds cannot be used to pay the premiums for most types of medical insurance, but can be used for long-term care insurance premiums that are not payroll deducted and for premiums for COBRA continuation.

- 4 Q: How much money can I set aside on a pre-tax basis?
A: For 2021, you may contribute \$3,600 to a Health Savings Account if you have single coverage and \$7,200 if you have family coverage. Employees 55 and over may contribute an additional \$1,000 as a catch-up contribution. The 2020 limits are \$3,550 single and \$7,100 family with the same catch-up contribution amount.

5. Q: Do I have to set aside the entire amount of the IRS-established limit per calendar year?
A: No, you can determine the amount deposited to the account and can change it at any time. You simply cannot contribute more than the allowable maximums for the calendar year.

6. Q: Are the funds ever subject to penalty or tax?
A: Funds not used to pay for qualified medical expenses may be withdrawn but are subject to taxes and an additional 20% penalty. However, there is no additional penalty when the individual is age 65, disabled or deceased.

7. Q: What happens to HSA funds left over at the end of the year?
A: Unused funds remain in the account and continue to grow tax-advantaged for future use. There is no “use-it-or-lose-it” aspect to an HSA as there are for FSAs.
8. Q: What happens to the HSA funds if I leave employment?
A: The account is portable, meaning that you keep it even if you change jobs or retire.
9. Q: Can I have dual coverage through my spouse and still have an HSA account?
A: Only if both plans are qualified high deductible health plans.
10. Q: Can I participate in the Bradley University Flex Medical Reimbursement Plan if I am covered by a high deductible health plan?
A: If you contribute to an HSA, you cannot participate in the Flex Medical Reimbursement Plan. If you do NOT contribute to an HSA, you can participate in the Flex Medical Reimbursement Plan. Regardless of having an HSA, you can participate in the Bradley University Flex Dependent Care Reimbursement Plan.
11. Q: How do I set up my Health Savings Account?
A: The account may be set up at the bank of your choice. You may then complete the HSA direct deposit form and submit it to the Human Resource Department. The election amount is taken out of your paycheck before taxes. These tax-free dollars are direct deposited into your Health Savings Account.
12. Q: Who is responsible for documentation of eligible expenses?
A: It is up to each individual to keep a record of eligible expenses and the applicable receipts or documentation. You will be responsible for providing proof that any withdrawals from your HSA were for qualified medical expenses if you are audited by the IRS. It is recommended you keep copies of all receipts and billing statements for qualified medical expenses with your tax forms each year.
13. Q: How do I access the funds in my Health Savings Account?
A: Depending on your bank’s HSA set-up, funds are withdrawn via check, debit card or cash.

2021 HSA Contribution Limits, Deductibles and Out-of-Pocket Expenses

A Health Savings Account offers individuals and families additional opportunities to save for current and future health care costs:

- HSA holders can choose to save up to \$3,600 for an individual and \$7,200 for a family (HSA holders 55 and older get to save an extra \$1,000 which means \$4,600 for an individual and \$8,200 for a family) - and these contributions are 100% tax deductible from gross income.
- Minimum annual deductibles are \$1,400 for self-only coverage or \$2,800 for family coverage.
- Annual out-of-pocket expenses (deductibles, co-payments and other amounts, but not premiums) cannot exceed \$7,000 for self-only coverage and \$14,000 for family coverage.

	Minimum Deductible	Maximum Out-of-Pocket	Contribution Limit	55+ Contribution
Single	\$1,400	\$7,000	\$3,600	\$1,000
Family	\$2,800	\$14,000	\$7,200	\$1,000

2020 HSA Contribution Limits, Deductibles and Out-of-Pocket Expenses

	Minimum Deductible	Maximum Out-of-Pocket	Contribution Limit	55+ Contribution
Single	\$1,400	\$6,900	\$3,550	\$1,000
Family	\$2,800	\$13,800	\$7,100	\$1,000