

HIGH DEDUCTIBLE HEALTH PLANS

Enrolling in a high deductible health plan (HDHP) allows you to place pre-tax earnings in a health savings account (HSA). Then, you can use these saved funds to pay for medical, dental and vision care, and most medications.

The Basics of HDHPs

Many people enroll in an HDHP, a health insurance option that does not cover your first dollar of medical expenses. Instead, these plans have a high deductible that must be met before most services are covered at 100 percent. In general, the deductible must apply to all medical expenses (including prescriptions) covered by the plan. However, plans can pay for “preventive care” services on a first-dollar basis (with or without a copay), including routine prenatal and well-child care, child and adult immunizations, annual physicals, mammograms, pap smears, etc.

HDHPs and HSAs: Their Connection

An HSA is an account that can be funded with your tax-exempt dollars, by your employer, or by both, to help pay for eligible medical expenses not covered by your insurance plan.

Anyone who meets the following criteria is eligible for an HSA:

- Covered by an HDHP, and not covered by any other plan that is not an HDHP
- Not entitled to Medicare benefits
- Not eligible to be claimed on another person’s tax return

After visiting your physician, health care facility or pharmacy, your medical claim will be submitted to your HDHP for payment. Then, you can use your HSA to pay for out-of-pocket expenses that were not covered by your plan. Or, you can simply save your money in your HSA for future medical costs.

For more information on HSAs, ask The Heritage Group about their HSA flyer!

Why Enroll in a HDHP and Open an HSA?

- Once your deductible is met, most medical costs are covered at 100 percent.
- Contributions to and withdrawals from HSAs for qualified expenses are tax-exempt
- Ability to save for future medical expenses
- Funds roll over from year to year

- If the account is through your employer and you leave, you take it with you.
- You control and manage your health care expenses.

Contributions Are Easy!

Once enrolled in an HDHP, you (and your employer if the account is through your job) can make contributions to your HSA. Remember though, your total contributions are limited annually.

If you make contributions, you can deduct them (even if you do not itemize your deductions) when filling out your income tax return.

The Heritage Group
<http://www.heritagegrp.com>
518-782-0001

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