

# Health Savings Account

## Frequently Asked Questions

### What is a Health Savings Account (HSA)?

A type of savings account that lets you set aside money on a pre-tax basis to pay for qualified medical expenses. An HSA allows you to choose how much of your paycheck you'd like to set aside, before taxes are taken out, for healthcare expenses or as a retirement savings tool. This plan offers more tax savings than a traditional 401(k) or Roth IRA, making it a powerful option for diversifying your retirement portfolio.

### Who can enroll in an HSA?

Only teammates enrolled in Knox County's Option 1, High Deductible Health Plan (HDHP), are eligible to enroll in the HSA. To learn more about the coverage on Option 1, visit Page 6 in the [2024 Benefits Guide](#).

### What is a High Deductible Health Plan?

On a high deductible health plan (HDHP), when you need care, you pay for most services out of your pocket until you reach your deductible. One exception is in-network preventive care covered under the ACA which is covered at 100% on a HDHP. The out-of-pocket maximum is the most you'll pay in a plan year for services covered by your plan. Once this limit is reached, the plan pays 100% for covered services for the rest of the year. It is important to note that if you have dependents on your HDHP, you **must meet the full family deductible** before the plan begins to pay.

### What is an HSA eligible expense?

You can use your HSA to pay for thousands of HSA-eligible items, such as:

- Medical services (copays, coinsurance, fees and expenses charged by health care providers)
- Dental treatment (including fillings, extractions, braces and x-rays)
- Eye examinations, glasses, contact lenses and surgery
- Prescription medicines
- Certain over-the-counter medication and supplies

For a complete list of IRS qualified healthcare expenses, visit [www.irs.gov/publications/p502](http://www.irs.gov/publications/p502).

### What are the advantages of an HSA?

An HSA is a tax-advantaged investment vehicle that offers three separate tax benefits:

- Contributions into an HSA are pretax
- Earned interest on investment funds is tax-free
- Withdrawals for qualified medical expenses are tax-free

### Is there a minimum or maximum contribution limit?

Knox County requires a \$100 minimum annual employee contribution to enroll in an HSA. In addition to the contribution you make, Knox County will also contribute to your HSA the first year you enroll. The first contribution will take place at initial enrollment and the second contribution will take place at the end of the plan year. The total employer contribution amounts are listed in the chart below.

Total Employer Contribution	
Employee Only	\$300
Employee + Dependents	\$600

The IRS allows you to contribute the maximum annual contribution as long as you remain eligible through December 31 of the following year. If you are concerned that you may not remain eligible for the entire period, you may wish to prorate contributions based on the number of months you are HSA eligible.

2024 Annual Maximum Contributions to your HSA	
Employee:	\$4,150
Family:	\$8,300
Catch-Up Contribution for those 55+:	\$1,000

**\*\*Please note: Employer and Employee contributions count towards the total contribution limit and must not exceed the IRS maximum contribution limits for 2024.\*\***

**Can I still enroll in a Flexible Spending Account (FSA)?**

You cannot be enrolled in an HSA and FSA at the same time. If you currently have an FSA and plan to enroll in Option 1 and an HSA in 2024, you must spend down your funds to \$0 or forfeit your funds on 1/1/2024.

\*Flexible Spending Accounts (FSA) will continue to be offered in 2024 for teammates in Option 1 who do not wish to enroll in an HSA, teammates enrolled in Option 2 or Option P, and teammates not enrolled in a health plan at Knox County.

**What is the difference between and HSA and FSA?**

A Health Savings Account (HSA) and a Medical Flexible Spending Account (FSA) are both used to set aside pretax dollars in order to pay for qualified medical expenses. You can save money with either, but they have many differences. Here is a brief outline:

	HSA (Option 1)	FSA (Option 2 / Option P)
<b>Owner</b>	Employee-owned	Employer-owned
<b>Eligibility</b>	Must be enrolled in a high deductible health plan (HDHP)	Anyone is eligible, although you can't be enrolled in an HSA and a Medical FSA
<b>Carryover</b>	All funds carryover from year to year	Unused funds do not carry over from year to year*
<b>Portability</b>	The HSA is portable, so the funds in the account stay with you wherever you go	FSAs are employer-owned accounts, so the funds are forfeited if your employment ends
<b>Investment Options</b>	You can invest HSA funds	You can't invest FSA funds
<b>Documentation</b>	It's not required, but you'll want to keep all documentation in case you're ever the subject of an IRS audit	The IRS requires documentation for some FSA expenses to show the eligibility of the expense
<b>Availability of Funds</b>	Only the funds that have been contributed are available to cover expenses	All funds for the plan year are available on January 1

\*Except for the amount the IRS allows.