



# Health Savings Account (HSA)

## *Questions and Answers*



On the following pages, you will find a list of answers to frequently asked questions regarding HSAs.

A complete list of Eligible Expenses can be found by going to [www.MyKansasCDH.com](http://www.MyKansasCDH.com).



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## Questions and Answers

### **HSA BASICS & ELIGIBILITY**

#### ***Can an individual have an HSA and FSA at same time?***

Yes, provided the FSA is a limited purpose FSA (typically used to pay for vision and dental expenses).

#### ***Can a person have more than one Health Savings Account?***

Yes, as long as the combination of the contributions to the accounts do not exceed the yearly contribution limit.

#### ***What happens if an account holder is no longer covered under an HSA eligible high-deductible health plan?***

The account holder can continue to use the funds in the HSA to pay for eligible medical expenses. However, they cannot make additional contributions to the account if they are no longer covered under a qualified high deductible health plan.

#### ***What happens when an account holder turns 65?***

If they enroll in Social Security they automatically enroll for Medicare Part A. Enrollment in Medicare makes the account holder no longer eligible to contribute to their HSA. They can still use the funds to pay for medical expenses. At age 65, if the account holder withdraws HSA funds for ineligible expenses, they will pay taxes but no penalty. If they do not enroll in Medicare they can still contribute to their HSA.

#### ***A parent can allow a child to stay on the family insurance until the age of 26. Can the parent use the HSA money to pay for medical expenses for that child?***

HSA dollars can be spent on the account holder's spouse and any people claimed as dependents on the account holder's taxes. If a child is covered by the insurance but is NOT a dependent on the account holder's taxes, HSA dollars cannot be spent for the child's medical expenses.



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### TAX REPORTING

#### ***What tax forms will the account holder receive online for the HSA?***

The account holder's IRS Form 1099-SA and IRS Form 5498-SA will be available online by logging into their account at [www.MyKansasCDH.com](http://www.MyKansasCDH.com). The account holder will find their tax forms by going to HSA Account Details and selecting the "Tax Forms" link.

Form 1099-SA: Is available by January 31st and details the total distributions (withdrawals) made from the HSA during the previous tax year. **IMPORTANT NOTE:** The account holder will only receive this tax form if they had distributions during the previous tax year.

Form 5498-SA: Is available by May 31st and details the total contributions (deposits) made to the HSA during the previous tax year. **IMPORTANT NOTE:** The account holder will only receive this tax form if they had contributions during the previous tax year.

#### ***Why does the account holder not receive IRS Form 5498-SA until May 31?***

Account holders have until April 15 to make contributions to the HSA for the previous year. The IRS allows Form 5498-SA to be sent after the contribution deadline to ensure that all contributions (including those made before April 15 for the previous year) are reported.

#### ***Do account holders have to send copies of these forms to the IRS?***

No. NueSynergy's custodian partner, Alegeus, sends a copy to account holders and to the IRS. Account holders should keep the copy they receive for their records.

#### ***What if there is a mistake on one of the tax forms?***

If an account holder notices an error on one of the tax forms they receive from NueSynergy's custodian partner, Alegeus, they should notify NueSynergy immediately of the error at 855.750.9440.



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### TAX REPORTING (CONT'D)

***What if both spouses have their own HSA – do each have to complete a separate Form 8889?***

Yes. If both spouses have their own HSA, they must both complete separate forms.

***What tax forms do account holders need to complete for the HSA?***

In addition to completing their IRS Form 1040, account holders may also need to complete IRS Form 8889 and submit it with their tax return. The purpose of Form 8889 is to report any contributions made to the HSA (whether made by the account holder, the employer, or both), and to report distributions made from the HSA. If the account holder (or someone on his/her behalf, such as the employer) made contributions to the HSA, they received distributions from the HSA, or they acquired an interest in an HSA due to the death of the account owner during the previous tax year, they must file Form 8889.

### DISTRIBUTIONS

***Can an account holder pay for over-the-counter drugs and medicines with the HSA?***

Qualified medical expense for HSAs do not include over-the-counter drugs unless it is accompanied by a prescription or is insulin.

***Can an account holder reimburse themselves for medical expenses that occurred prior to the account opening?***

No, only medical expenses that occur after the account is opened and has a positive balance can be reimbursed from the account.



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### DISTRIBUTIONS (CONT'D)

#### ***What if the account holder made a non-qualified distribution from the HSA?***

If the account holder withdraws funds from the HSA for a non-qualified expense, they must report the amount as income on IRS Form 8889 and pay an additional 20% tax on the amount of the non-qualified distribution.

There are several exceptions to the additional tax, including distributions made after the account owner dies, becomes disabled, or turns 65. If they made a non-qualified distribution and any of these exceptions applies, they can indicate that information on Form 8889.

They can also repay a mistaken distribution to the NueSynergy HSA provided the distribution was made because of a mistake of fact. They have until April 15 of the first year following the year in which they knew or should have known the distribution was a mistake. To replace a mistaken distribution taken from the NueSynergy HSA, they can simply complete a Distribution Reversal Form available at [www.MyKansasCDH.com](http://www.MyKansasCDH.com) or contact customer service for assistance at 855.750.9440.

#### ***If an account holder pays a medical expense out of pocket, how do they reimburse themselves from the HSA?***

Account holders can reimburse themselves by signing into their account at [www.MyKansasCDH.com](http://www.MyKansasCDH.com). Once online, select Health Savings Account from “Your Accounts” section on the Personal Dashboard. Choose the “Bill Pay” tab once on the HSA Account Details page.



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### CONTRIBUTIONS

#### ***What if the account holder over-contributes to the HSA?***

To withdraw an excess contribution made to the NueSynergy HSA, an account holder can simply complete an HSA Distribution Form and indicate the information pertaining to the excess contribution under the section “Distribution Reason.” You can also call one of our HSA customer service members who can assist you with the process.

#### **Who can contribute to an HSA?**

Any individual who meets the eligibility requirements can contribute to an HSA. The employee, the employer, or both can contribute to the HSA in a given year. HSA contribution limits are determined by the IRS and adjusted annually for inflation.

#### ***What is the latest date one can make a contribution to an HSA?***

Account holders have until April 15 of the following year to make contributions for the current tax year. The contribution must be credited to the account by April 15. All deposits are credited as current year contributions unless otherwise noted.

#### ***What if a member currently has an HSA with Optum and is not electing to participate in the HSA for 2019, but would like to still transfer their Optum HSA to NueSynergy.***

The member is allowed to transfer their Optum HSA to NueSynergy. To do so the member will need to contact NueSynergy and fill out two forms:

1. HSA Enrollment Form – to open a NueSynergy HSA
2. Bank to Bank Transfer Form – to transfer their Optum HSA to their NueSynergy HSA