Health Savings Account (HSA)

What is a Health Savings Account (HSA)?

An HSA is a tax-favored savings account that is combined with a high deductible health plan (as defined by the IRS). The only plan offered that would qualify as a high deductible health plan is the Aetna HDHP Plan. An HSA can be funded by you or the University. The University can make a contribution to the HSA – how much is based on whether or not you choose to commit to a healthy lifestyle. You can also make contributions to the HSA – up to IRS limits. Contributions to the HSA – both yours and the University's – and disbursements from the HSA to pay eligible expenses are tax-free. This account provides a triple tax benefit where funds you contribute are tax free, once your account balance reaches $1,000, you can invest those funds and they grow on a tax-deferred basis and if the funds are used for qualified medical expenses they are never taxed.

How much does Yeshiva University contribute to the HSA?

The University automatically makes a tax-free base contribution to your HSA of:

$500 for single coverage

$1,000 for family coverage.

The University will also make an additional healthy incentive contribution if you take the health pledge and agree to pursue a healthy lifestyle. The amount is prorated for new hires based on coverage eligibility date.

$500 for single coverage

$1,000 for family coverage.

What do I do if I want to contribute to the HSA?

If you select the Aetna High Deductible Health Plan, you will be asked if you want to make contributions to the HSA.

How much can I contribute to the HSA?

You can contribute as much as:

$3,550 less YU's base and healthy incentive contributions if you elect single coverage

$7,100 less YU's base and healthy incentive contributions if you elect family coverage.

You can also make a catch-up contribution of $1,000 if you are age 55 or older. Amounts are subject to change each calendar year.

Note: *You cannot contribute to an HSA if you are enrolled in Medicare Parts A and or B. If you wish to contribute to an HSA, you must dis-enroll from Medicare.*

Can I elect the HSA if I choose the Aetna PPO or EPO Plan?

No, in order to include an HSA, a plan must qualify as a high deductible health plan as defined by the IRS. Aetna PPO and EPO are not IRS-qualified high deductible health plans. The PPO and EPO plans include a Health Reimbursement Account (HRA).

Will I be able to use the money I have left in my Health Care Reimbursement Account (HCRA) to pay medical expenses?

If you elect the Aetna PPO or EPO Plan, you can use your HCRA to pay medical expenses once any amounts in your HRA have been exhausted. If you elect the High Deductible Health Plan, you cannot use your HCRA to pay medical expenses.

Regardless of the plan you select, you can use your HCRA to pay dental and vision expenses for you and your dependents.

Do I have to be enrolled in a high deductible health plan to use the money in my HSA account?

No, you can use the money in your HSA account to pay your share of eligible medical expenses for you and your dependents whether or not you are enrolled in a high deductible health plan. You have to be enrolled in a high deductible health plan to make contributions to an HSA.

Can I participate in the HSA if I am eligible for Medicare?

If you are eligible for Medicare, but do not enroll for Medicare coverage and are enrolled in the High Deductible Health Plan, you can continue to participate in the HSA. Once you enroll for Medicare coverage, you can no longer contribute to an HSA and YU cannot make HSA contributions on your behalf.

What if I have amounts left in my HSA at the end of the year?

Any unused amounts in your HSA at the end of the year carry over to the following year and get added to the following year's contributions. There is no limit to the amount you can accumulate.

What happens to amounts in my HSA if I leave the University or retire?

If you leave the University for any reason, including retirement, any amounts in your HSA remain in your HSA account for you to use to pay eligible medical expenses.

If my spouse is covered by another health plan that is not an HSA-compatible plan, am I still HSA eligible?

To be eligible for an HSA, you must be covered by an HSA-compatible health plan and not be covered by any non-compatible plan. If your spouse is covered by an additional plan which does not cover you, you would remain HSA eligible. If your spouse's plan also provides you with coverage, you would not be eligible for an HSA.

Is there a time frame in which I must use my HSA funds?

An HSA allows you to pay for or get reimbursement for any services provided *after* the HSA has been established. There is no time frame in which you must use your HSA funds.

What happens if I use the funds for ineligible expenses?

An HSA allows you to withdraw funds for any reason. *However*, you would need to pay ordinary tax and an additional penalty of 20% on any funds that are withdrawn for an ineligible expense. You are responsible for determining if an expense is an eligible medical expense and maintaining receipts for tax reporting and potential IRS audit purposes. At age 65, funds can be withdrawn for any reason and only ordinary tax applies.

If I am enrolled in single coverage under an HSA-compatible health plan, can HSA funds be used for my spouse or eligible dependent that are not under my health plan?

HSA funds can be used for you, your spouse or eligible dependents (as identified on your Federal tax return) even if they are not covered by the HSA-compatible health plan.