

Health Savings Accounts

A great way to pay for present or future medical expenses

What is a health savings account (HSA)?

An HSA from Omnify is a personal savings account that can be used to pay for medical, dental, vision, and other qualified expenses now or later in life. HSAs allow you to save money by reducing your taxable gross income, spending pre-tax dollars for healthcare, and growing your HSA dollars tax-free. Member FDIC.

Since it's a savings account, you're encouraged to save more than you spend. Unlike flexible savings account funds, which are "use it or lose it," your HSA balance rolls over from year to year, earning interest along the way. The funds can even be invested,* making it a great addition to your retirement portfolio. The account is portable, meaning if you ever leave your employer, you can take the HSA with you because it's your money and your account.

Why should I participate in an HSA?

One big reason: HSAs offer a triple tax advantage.

1) Money goes in tax-free. Most employers offer a payroll deduction through a Section 125 Cafeteria Plan, allowing you to make contributions to your HSA on a pre-tax basis. The contribution is deposited into your HSA prior to taxes being applied to your paycheck, making your savings immediate. You can also contribute to your HSA post-tax and recognize the tax savings by claiming the deduction when filing your annual taxes.

2) Money grows tax-free. The interest on HSA funds grows on a tax-free basis. And unlike most savings accounts, interest earned on an HSA is not considered taxable income when the funds are used for eligible medical expenses.

3) Money comes out tax-free. Eligible healthcare purchases can be made tax-free when you use your HSA. Purchases can be made directly from your HSA, either by using your benefits debit card, ACH, or online billpay — or, you can pay out-of-pocket and reimburse yourself from your HSA.



Mobile app: Search "Omnify Benefits" in Apple's App Store or Google Play.

What expenses are qualified?

Below is a quick reference list of expenses that can be reimbursed from a health savings account. For more detailed information, please refer to IRS publications [969](#) and [502](#). For tax advice, please seek the services of a competent tax professional.

Medical expenses

- Visits to your doctor
- Prescriptions
- Physical therapy
- Over-the-counter medications
- Menstrual care products

Dental expenses

- Dental exams
- Crowns
- Orthodontia

Vision expenses

- Vision exams
- Glasses
- Contacts
- Lasik surgery

Health coverage expenses

- COBRA premiums
- Long-term care insurance premiums
- Medicare premiums (excludes Medigap)

Questions? Contact us!

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***Investment HSA products: Not FDIC Insured - No Bank Guarantee - May Lose Value**

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Health savings account FAQs

What is a qualified high-deductible health plan (HDHP)?

An HDHP is a health insurance policy that offers higher deductibles and lower premiums than a traditional insurance plan. Like a traditional plan, you're responsible for paying for your qualified medical expenses up to the deductible. After the annual deductible is met, you're responsible only for a portion of your medical expenses through coinsurance or copayments. A qualified HDHP can be combined with an HSA to offer a tax-advantaged way to help pay for the medical expenses you may incur.

Year	Annual deductible	Out-of-pocket expenses
2022	At least \$1,400 for individual coverage and \$2,800 for family coverage	Not exceeding \$7,050 for individual coverage and \$14,100 for family coverage
2023	At least \$1,500 for individual coverage and \$3,000 for family coverage	Not exceeding \$7,500 for individual coverage and \$15,000 for family coverage

Who's eligible to open an HSA?

If you meet all the criteria listed below and neither you nor your spouse has currently elected a medical FSA, you're eligible to open and contribute to an HSA.³

- You're covered by a qualified HDHP on the first day of a given month
- You're not covered by another non-HDHP, such as a health plan sponsored by your spouse's employer
- You're not enrolled in Medicare or TriCare
- You haven't received VA benefits at any time during the preceding three months; if you're a veteran with a service-connected disability, this exclusion doesn't apply
- You're not claimed as a dependent on another individual's tax return

How much can I contribute to an HSA?

The IRS has established the following annual contribution limits.

Year	Family coverage	Individual coverage	Catch-up for those age 55+
2022	\$7,300	\$3,650	\$1,000
2023	\$7,750	\$3,850	\$1,000

What if I'm no longer covered by an HDHP?

Your HSA is portable, so funds are never lost due to changes in your employment or health insurance. If at some point you're no longer covered by an HDHP, you'll still have access to your funds to pay for qualified medical expenses. However, you'll no longer be eligible to make contributions.

How do I access my HSA funds to pay for qualified medical expenses?

- Use your benefits card
- Pay bills through online BillPay
- Reimburse yourself for out-of-pocket healthcare purchases

Do I need to submit receipts for my HSA expenses?

No, you don't need to submit any receipts to us. However, be sure to save receipts on any qualified medical expenses paid out of your HSA for tax purposes.

Can an HSA be used to pay prior-year expenses?

Yes, as long as the eligible medical expenses were incurred after your HSA was established and your HDHP coverage was in effect.

What are the penalties for taking a nonqualified withdrawal from my HSA?

Nonqualified distributions will be subject to ordinary income tax and, in some cases, a 20% penalty. The only time tax is ever owed on principal or interest from your HSA is if the money is distributed for nonqualified expenses before you reach age 65, become disabled, or die. Even if you use the funds for nonqualified expenses after you're 65 or disabled, you'll only be subject to ordinary income tax on the money you withdraw without the 20% penalty.

Is tax reporting required for an HSA?

Yes, IRS Form 8889 is used to report HSA contributions and distributions. You must complete this form each year with your tax return. Please consult a tax professional regarding tax rules.

What tax forms will I receive?

You may receive both 1099-SA and 5498-SA tax forms. The 1099-SA notifies the IRS of any distributions you made from your HSA during the tax year. Form 5498-SA notifies the IRS of any contributions made to your HSA during the tax year.

Are OTC medications eligible for reimbursement?

Yes, over-the-counter medications are an eligible expense. An OTC medication is a product with an active drug ingredient. A few of the most common items are pain relief medication, cold and flu products, allergy products, and heartburn medication. You can find a comprehensive list on the [HSA Store](#) website.



For additional tools, resources, and FAQs, visit omnifybenefits.com.

³Other exceptions & restrictions may apply. Please consult a tax or legal professional to discuss your personal circumstances.