

Health Savings Accounts



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Health Savings Accounts

-Talking points

- Qualified HDHP
- HSA Eligibility
 - Limits
 - Eligible Expenses
- Compare HSA to FSA and HRA
- Patented Technology by DataPath



Health Saving Accounts

- DataPath offers a multi-custodial platform for Health Savings Accounts (HSA's)
- Over 30,000 accounts with over \$60 million in deposits across all platforms
- “Claims Vault” -- DataPath patented technology



Who is Eligible to Open a Health Savings Account?



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HSA Eligibility

- Must be enrolled in a qualified HDHP
- May have first-dollar wellness
- Must NOT be enrolled in
 - FSA (except for DCAP), but may have a Limited-Purpose FSA
 - Medicare Primary
 - TRICARE
 - Actively receiving VA benefits



What is a Qualified HDHP?



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A qualified HDHP.....

- Must meet the required minimum high deductible of \$1200 Single / \$2400 Family
- Maximum Out of Pocket
 - Single \$6,050
 - Family \$12,100
- No first-dollar benefits other than wellness
 - No office co-pays
 - No prescription co-pays



What Can I Contribute?



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HSA Limits

- Maximum HSA contribution in 2012
 - Single \$3100
 - Family \$6250
- Account holder 55 or older – can make additional \$1000 catch-up contribution per year
- No contributions once Medicare-eligible



HSA Limits (cont'd.)

- Funds available only as they are contributed
- Contributions can be made by anyone to your HSA
- Under a Section 125 plan, contributions can be made on a pre-tax bases
- Will roll over year after year
- Earns interest tax free



How Do I Access My Contributions?



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Eligible Expenses

- Defined by the IRS as the same 213d expenses as we know for the FSA
 - With the exception of Long Term Care and COBRA premiums
- Eligible expenses must be incurred by you or qualified tax dependent while you have both an HSA and a qualified HDHP



Distributions

- Qualified Distributions can be made at any time funds are available, for eligible 213d expenses
- Non Qualified Distributions are withdrawals that are for purposes other than eligible 213d expenses



Distributions (cont'd.)

- While distributions can be made at any time, Non Qualified distributions come with penalties
 - Income tax will apply on amount withdrawn
 - Plus an Excise Tax of 20 percent will apply for those below age 65



Why Offer A Health Savings Account?



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HSA ... FSA ... HRA?

- HSA allows for company owners (2% or greater) and direct family to have access to a tax savings vehicle
- HSA is the only completely tax free benefit
- HSA is portable and can be inherited
- HSA allows creativity in matching contributions
 - Wellness based



How Can HSA's, FSA's and HRA's Mingle at the Same Time?



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HSA....FSA....HRA

- By definition the HSA must have a qualified HDHP in order to be offered
- HRA is generally designed by the Employer and when offered, would have a deductible of at least \$1200
 - Example: ABC Company buys a qualified \$5000 deductible from carrier, but subsidizes 80% after a \$1500 deductible in the HRA



HSA....FSA....HRA

- The FSA can be offered to everyone not enrolled in the HSA, with the exception of a limited-purpose FSA
- A limited-purpose FSA covers Dental, Vision, and post-deductible expenses
 - Generally Dental and Vision only
 - In the previous example, the 20% are the post-deductible expenses



HSA....FSA....HRA

- While each cover same 213d expenses:
 - HSA is owned by the account holder and does not require 3rd party substantiation
 - HRA is Employer owned and therefore can be restricted to any 213d expense...such as deductible only
 - FSA is Employee/Employer money and requires 3rd party substantiation



What Makes DataPath's HSA Platform Unique?



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Patented Claims Vault Technology

- “Electronic shoebox”
- Store exact image of receipts
 - Request 3rd party verification
- Prepared tax forms
- Investment options



Questions?

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