



# Getting started with your new HSA

Your qualified high-deductible health plan allows you to participate in a Health Savings Account, or HSA. Participation in an HSA has many benefits:

- 100% tax deductible
- Owned by the individual
- Portable, remaining with an employee regardless of employment
- Roll over from year to year and earn interest free from Federal and FICA tax
- Can be invested, supplementing your retirement income

You can use an HSA to pay for many healthcare expenses tax-free - see the "What's Eligible?" page of this guide for examples. You can also choose to invest your HSA in a number of mutual funds, earning interest to pay for future medical expenses, or to save toward retirement.

## Accessing your new HSA

Once your new ProBenefits HSA is opened, you can manage it at <https://my.ProBenefits.com>. Click the link under "New User?" to set up your account, if you have not already done so. Once logged in, you can manage your investments, take a withdrawal, retrieve your year-end tax information, view your recent transactions, and more. You can also access your account through the ProBenefits mobile app. Just search for ProBenefits on the App Store or Google Play, and download the app with the yellow apple icon.



ProBenefits, Inc.  
2634 Reynolda Road  
Winston-Salem, NC 27106

**p.** 888.722.8382  
**e.** [Trust@ProBenefits.com](mailto:Trust@ProBenefits.com)

**ProBenefits.com**

## About your HSA

A Health Savings Account (HSA) is a tax-free savings account in which you accumulate savings to pay for qualified expenses. It is used in conjunction with a High-Deductible Health Plan (HDHP). You can use the funds in the account for qualified medical expenses until the deductible has been met; at that point, your insurance coverage begins. You can also use the funds for dental, vision, and other services that may not be covered under the high-deductible health insurance policy. Contributions to your HSA are tax deductible, and income earned on funds in the HSA grows tax-deferred. Your HSA may also be invested into a number of mutual funds, allowing you to invest tax-free to save for either retirement or qualified expenses.

You and/or your employer can make contributions to your HSA (both of you can contribute in the same tax year), and all contributions are tax-deductible. For individuals age 55 and up, "catch-up" contributions up to \$1,000/year are allowed. Contributions must stop once an individual is enrolled in Medicare.

Maximum Contribution Limits for 2021	
Individual Coverage	\$3,600
Family Coverage	\$7,200

The IRS states that you must keep records for all distributions from your HSA. These records must be sufficient to show that any distributions from your HSA were exclusively used to pay for or reimburse qualified medical expenses (see the "What's Eligible?" page of this guide for examples of qualified expenses); that the qualified medical expenses had not been previously paid or reimbursed from another source; and that the medical expenses had not been taken as an itemized deduction on a tax return. Qualified medical expenses can be incurred by you and/or your eligible dependents. Medical expenses incurred before your HSA was established are not qualified.

An HSA debit card will be requested for you when your account is opened. You can use this card to pay for eligible expenses directly from your account. Your HSA Card is a Visa limited merchant category card. It is designed to work at merchants with a health-care merchant category code, such as a doctor's office or hospital. The card will also work at retail merchants which have an Inventory Information Approval System (IIAS) in place. The IIAS will provide automatic adjudication at the point of sale for HSA-eligible items; this means you can only purchase eligible items with your card at these locations. Per IRS requirements, you should always keep your receipts on file for any purchases made with your HSA card.



### Important Notes About Your HSA Card:

- **Save your receipts!** The IRS requires that you keep them on file in case of an audit.
- Your card will be mailed to the address you entered at time of enrollment.
- Your card is for HSA-eligible expenses only.



# Eligible Expenses

## What's Eligible?

This is a sample list of qualified medical expenses based upon IRS Publication 969 and IRS Publication 502. Please consult these publications for more details. These publications can be found on the IRS website: [www.IRS.gov](http://www.IRS.gov).

Reimbursable with a Letter, continued

Orthopedic shoes (not mass-produced)

Vitamins & nutritional supplements (only if recommended by a doctor for a specific medical condition)

Weight loss to treat existing disease

Wigs

<p><b>Medical</b></p> <p>Insurance deductibles, copays, and coinsurance</p> <p>Office visits, diagnostic tests, and surgical procedures (non-cosmetic)</p> <p>Prescription drugs</p> <p>Birth control/contraception</p> <p>Hearing aids and batteries</p> <p>Insulin and diabetic test supplies</p> <p>Addiction treatment, including smoking cessation programs</p> <p>Care, special education, and supplies for persons with disabilities</p> <p>Durable medical supplies such as crutches, wheelchairs, and bandages</p> <p>Transportation expenses for medical services</p> <p>Diagnostic devices such as blood pressure monitors</p> <p>Orthotics/orthopedic shoe inserts</p> <p>Specialist services, including psychologists/psychiatrists, physical therapy, chiropractors, and acupuncture</p> <p><i>New as of 2020:</i> Menstrual care products</p>	<p><b>Dental</b></p> <p>Orthodontia (special rules apply – see <a href="http://ProBenefits.com">ProBenefits.com</a>)</p> <p>Exams, cleanings, x-rays</p> <p>Fillings, caps, crowns, bridges</p> <p>Dentures</p> <p><b>Vision</b></p> <p>Eye exams</p> <p>Contact lenses and care supplies</p> <p>Glasses</p> <p>Laser eye surgery</p>	<p><b>Reimbursable with a Letter of Medical Necessity</b></p> <p><i>The following items may be reimbursable if accompanied by a note from a doctor recommending the item to treat a specific medical condition. Other special rules may apply. Please see <a href="http://ProBenefits.com">ProBenefits.com</a> for more information.</i></p> <p>Cord blood/embryo/egg/sperm storage</p> <p>Home improvements for medical conditions</p> <p>Massage</p> <p>Nutritionist</p>	<p><b>OTC Drugs and Medicines: Prescription no longer Required</b></p> <p><b>New!</b> Thanks to the CARES Act, passed on 3/27/20, over-the-counter drugs and medicines purchased in 2020 and beyond <b>no longer require a prescription</b> for HSA eligibility. You will soon be able to use your ProBenefits debit card to purchase these items, and you may submit distribution requests for them through the mobile app or web portal at any time.</p> <p>Acid control medication (Prevacid, Prilosec, Zantac, etc.)</p> <p>Acne treatment</p> <p>Allergy medication (Zyrtec, Claritin, etc.)</p> <p>Antacids (Tums, etc.)</p> <p>Anti-itch medication</p> <p>Cold medication</p> <p>Cough drops</p> <p>Nicotine patches or gum</p> <p>Pain relievers (Advil, Tylenol, etc.)</p> <p>Sleep aid medication</p> <p>Stomach remedies (Pepto-Bismol, etc.)</p>
	<p><b>Not Reimbursable</b></p> <p><i>Here are some common examples of ineligible expenses:</i></p> <p>Cosmetic surgery (unless restorative)</p> <p>Finance charges</p> <p>Food</p> <p>Imported drugs (Canada, Mexico)</p> <p>Insurance premiums for individual policies</p> <p>Long-term care expenses</p>	<p>Marriage counseling</p> <p>Missed appointment fees</p> <p>Personal hygiene products</p> <p>Spa fees</p> <p>Teeth whitening</p> <p>Toothbrushes</p> <p>Toothpaste</p> <p>Warranties (including extended eyeglasses or corrective lens warranties, such as Eyewear Protection Plans)</p>	

# Guidelines & Disclaimers

## HSA Eligibility Guidelines:

- You must be enrolled in a qualified High Deductible Health Plan.

High Deductible Health Plan Limits for 2021		
	Minimum Annual Deductible	Out-of-Pocket Maximum
Individual Coverage	\$1,400	\$7,000
Family Coverage	\$2,800	\$14,000

- You cannot be claimed as a Tax Dependent.
- You cannot be enrolled in Medicare or covered under any other type of insurance plan. This includes plans that your spouse may be enrolled in such as other group health plans, Flexible Spending Accounts (FSAs), or Health Reimbursement Accounts (HRAs).
- If you are unsure about your eligibility, please consult your tax advisor or IRS publication 969.

## Important Information about HSAs:

- Ineligible withdrawals are subject to income tax plus an additional 20% tax unless the account holder is 65 or older, is disabled, or dies.
- Domestic Partners of the account holder must set up a separate account and may contribute up to the family limit; the account holder cannot use their account to pay a Domestic Partner's expenses.
- All participants are responsible for retaining the proper documentation to verify the eligibility of a distribution.
- All participants must file an 8889 form with their taxes.
- Contribution Limits assume the account holder is "eligible" for the entire tax year. If the account holder is not eligible for the entire tax year they can still contribute the maximum as long as they remain eligible for the entire following tax year (through December 31); otherwise, they will be taxed plus a 10% penalty on a prorated amount of the contribution.
- Contributions can be made up to the day federal income taxes are due for the previous plan year.
- The HSA incurs a monthly fee of \$3.50; if an employer is paying the fee and the participant terminates employment, the fee will be drafted from the HSA balance on a monthly basis following the termination.
- The HSA may be required to maintain a minimum balance of \$10. If the balance falls below this minimum, the account may be closed and applicable account closing fees will apply. Please contact ProBenefits if you have questions.



**ProBenefits**

*The benefit of trust.*