

Fact sheet:

Health Savings Accounts (HSAs)

What is an HSA and how does it work?

A health savings account (HSA) is a tax-advantaged account that works in conjunction with a qualified high deductible health plan (QHDHP) and allows the participant to save tax-free money for qualified medical expenses. Money in an HSA rolls over year after year and is owned by the account holder even if they change jobs or health plans.

What expenses are eligible?

Any out-of-pocket and unreimbursed medical expenses allowed under section 213(d) of the Internal Revenue Code, including medical expenses and qualified long-term care services. A complete list can be found in *IRS Publication 502*.

What are the IRS requirements the health plan must meet?

An HSA can only be opened with a health plan that meets the following IRS rules:

Self Only	Family
Min Deductible 2021/22: \$1,400	Min Deductible 2021/22: \$2,800
Out-of-Pocket Max 2021: \$7,000	Out-of-Pocket Max 2021: \$14,000
Out-of-Pocket Max 2022: \$7,050	Out-of-Pocket Max 2022: \$14,100

All Capital Blue Cross QHDHPs meet IRS requirements for HSA-compatibility.

How is an HSA funded?

Contributions to an HSA can come from the account holder, the employer or both. The HSA contribution limits¹ for individual or family health plans change annually and are as follows:

Self Only	Family
Contribution Limit 2021: \$3,600	Contribution Limit 2021: \$7,200
Contribution Limit 2022: \$3,650	Contribution Limit 2022: \$7,300

Once age 55, individuals can contribute an additional \$1,000 toward their HSA each year.

How do employees save on taxes?

Account holders receive a "triple tax benefit:"

- **Taxable income reduction:** Contributions to their HSA are pretax, which lowers their taxable income and stretches their dollars further.
- **Tax-free earnings:** HSAs offer competitive interest rates as well as investment options for eligible HSA plans. This growth is never taxed.
- **Tax-free distributions:** The funds in their HSA are not subject to taxation when they are used to pay for eligible expenses.



¹This is an aggregate limit that applies to both your own contributions and any contribution your employer puts into your account.

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What investment options are available?

All Capital Blue Cross HSAs earn a basic interest rate. Once an HSA balance exceeds \$1,000, the account holder can open a basic, self-directed investment account, giving them access to more than 30 no-load and load-waived preselected mutual funds. At least \$1,000 must be kept in the base balance of the HSA account. A wide variety of preselected mutual funds are offered through Devenir Investment Advisors, LLC, a registered investment advisor for the optional investment program².

In addition, when the basic investment account balance exceeds \$10,000, the account holder can open a self-directed brokerage investment account with Charles Schwab². This account allows access to more than 2,500 mutual funds from a variety of fund families, as well as stocks, bonds, and other investments.

Do you have an FDIC-insured account?

Yes, our HSA offerings include an FDIC-insured option.

Is a debit card available?

Yes. A Capital Blue Cross VISA[®] debit card³ is available for eligible medical expenses, and can be used at the point of purchase or to pay a balance due medical bill received later.

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To learn more contact your Capital Blue Cross account executive or call [855.363.2583](tel:855.363.2583).

[CapitalBlueCross.com](https://www.CapitalBlueCross.com)

²A single annual investment fee covers both investment platforms with Devenir Investment Advisors, LLC, and Charles Schwab.

³The Capital Blue Cross Visa Debit Card is issued by The Bancorp Bank, pursuant to a license from Visa U.S.A. Inc. and can be used for qualified expenses wherever Visa debit cards are accepted within the United States.

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