

Advantages of the HealthChoice High Deductible Health Plan and a Health Savings Account

If you are considering the HealthChoice High Deductible Health Plan (HDHP), you should be aware of the advantages this type of plan offers.

Advantages of a High Deductible Health Plan

- Lowest premiums of all the plans offered
- Tax-advantaged savings when combined with a health savings account
- Free preventive services for all members
- Catastrophic coverage

If you decide to enroll in the HDHP, you should open and contribute to a health savings account (HSA) to qualify for tax savings. Many members contribute the money they save on their health insurance premiums to their HSA. You will need to see your insurance/benefits coordinator to set up a payroll deduction to fund your HSA.

Advantages of a Health Savings Account

- Contributions to your account are tax-free
- Withdrawals for qualified medical expenses are tax-free
- Interest earned on your HSA is tax-deferred
- The account belongs to you and account funds roll over from year to year

You can use the funds in your HSA to pay for qualified medical expenses for you, your spouse and your dependents. Qualified medical expenses include costs related to the diagnosis, cure, relief, treatment and/or prevention of medical conditions.

In general, services covered under your HDHP are eligible medical expenses; however, there are a number of expenses not covered under your health plan that you can pay for with funds from your HSA. Some of these other eligible medical expenses are:

- Body scans
- Dental care
- Disabled dependent care
- Home improvements for medical purposes
- Medicare premiums and out-of-pocket costs
- Vision care
- Weight loss programs

For more information about eligible medical expenses, refer to IRS Publication 502 at <http://www.irs.gov/pub/irs-pdf/p502.pdf>.

The IRS determines the annual contribution limits for HSAs.

2016 Maximum Annual Contribution to an HSA

Individual Coverage	Family Coverage
\$3,350	\$6,750

Once you reach age 55, you are allowed to contribute an additional \$1,000 per year.

You can keep your HSA into your retirement years. In fact, once you reach 65, there is no penalty to withdraw funds for any reason. Funds withdrawn after age 65 can be used to pay your Medicare premiums and other qualified expenses. This also applies if you become totally and permanently disabled.

In the event of your death, you can name your spouse as the beneficiary of your HSA or have your HSA funds distributed to your heirs or your estate.

You can open your HSA with any qualified financial institution; however, HealthChoice contracts with American Fidelity Health Services Administration to make establishing and keeping an HSA easier and more convenient for our members. American Fidelity has agreed to waive any monthly maintenance fees as long as you participate through EGID. You can contact them at 1-405-523-5699 or toll-free 1-866-326-3600.

Remember, once you establish an HSA, you must contact your insurance/benefits coordinator to arrange a payroll deduction to fund your HSA.

Your HSA can provide triple-tax savings and help you plan and save money for health care expenses. Additionally, your HSA can become a valuable piece of your retirement strategy by helping you meet your health care costs and supplementing your savings.

If you have questions about the tax advantages available through an HSA, contact your tax advisor.