Medcom
BENEFIT SOLUTIONS

Why should we consider establishing Heath Savings Accounts (HSAs) for our employees?

HSAs Offer an Impressive List of Features:

- Funding Flexibility: employer contributions, pre-tax employee salary reduction contributions and tax-deductible contributions are all permissible. Family members, employers and any other third parties may make contributions to an HSA on behalf of the eligible individual.
- No “Use-It-or-Lose-It” rule. Participants may accumulate funds and self-direct investments in a tax-exempt trust or custodial account.
- The ability to use funds for non-medical purposes without any effect on the tax-free character of amounts remaining in the individual’s HSA.
- Account portability for participants - monies can be transferred to another HSA at any time without limitation.
- Expenses are self-substantiated by the participant.
- The tandem high-deductible health plan (HDHP) that is required is a mainstream design.

Q&A

Which employees are eligible to participate in an HSA?

For any month, an eligible individual is defined as any individual who:

- is covered only by a high-deductible health plan (“HDHP”)
- is not also covered by any other health plan that is not an HDHP
- is not enrolled in benefits under Medicare; and
- may not be claimed as a dependent on another person’s tax return.

- ✓ HSAs are generally exempt from ERISA reporting
  - and documentation
- ✓ HSAs are not subject to COBRA coverage
- ✓ HIPAA does not apply to employer-funded self-administered HSA or to HSAs receiving no employer contributions (*would apply to HDHP component and HSAs that are not self-administered.)*

Contact us today for a custom proposal!

Consumer Driven Health Plans

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