Stambaugh Ness
CPAs/Business Consultants

HEALTH SAVINGS ACCOUNTS (HSA'S) - 2009

- HSA funds are used to cover the health insurance deductible and any co-payments for medical services, prescriptions, or over-the-counter drugs.

- HSA's are open to everyone under age 65 with a **high deductible insurance plan.**

  - Annual deductible for **individual** coverage **$1150 - $3000 (2009)**
    1150 - 2900 (2008)
  - Annual deductible for **family** coverage **$2300 - $5950 (2009)**
    2300 - 5800 (2008)

- Individual cannot be covered under any other health insurance plan or Medicare.

- Health Savings Account **Contributions**:

  - Contributions by an individual are tax deductible as an adjustment to income, unless run through an employer's cafeteria plan.
  - Contributions by the employer are not includable in the employee's income.
  - **Combined contributions from the individual & employer cannot exceed: $3000 for individual coverage (2009)**
    2900 (2008)
    $5950 for family coverage (2009)
    5800 (2008)
  - **Catch-up contributions** of $1000 in 2009 & $900 in 2008 are allowed for individuals aged 55-64.

- HSA's can accumulate, growing interest and dividends tax-free, and the unused balance may be carried over to the next year.

- Amounts distributed which are not used to pay for qualified medical expenses will be taxable and include a 10% penalty tax.

- Employer contributions must be reported on Form W-2, Box 12, Code W.

- Actual plan's out-of-pocket maximum cap cannot exceed:
  - $5800 individual, $11600 family for 2009
  - $5600 individual, $11200 family for 2008