

# Frequently Asked Questions



## FCHP Care Choice Plans and Health Savings Accounts

### **What is a qualified high-deductible health plan, or HDHP?**

A qualified high-deductible health plan contains certain deductible and design requirements set by the IRS. This allows the subscriber in the HDHP to open a health savings account, or HSA, a tax-advantaged way to pay for current medical expenses and save for future medical expenses. FCHP Care Choice plans are qualified high-deductible health plans.

### **What are the 2010 IRS guidelines for a qualified high-deductible health plan?**

IRS guidelines state that, for single coverage, the plan must have an annual deductible of at least \$1,200, as well as an annual in-network, out-of-pocket maximum of no more than \$5,980. For family coverage, the annual deductible must be at least \$2,400. The annual in-network, out-of-pocket maximum cannot be more than \$11,900. These guidelines are updated annually by the IRS.

### **Do I get a lower deductible if I enroll in my FCHP Care Choice plan halfway through the year?**

No. If an individual enrolls halfway through the calendar year, he or she will be responsible for the entire deductible amount.

### **What other FCHP programs are included with the FCHP Care Choice plans?**

All of the comprehensive programs are available with the FCHP Care Choice plans. That means members still have access to services and features available through Every Day Health, FCHP's comprehensive health and wellness program.

### **Is preventive care covered under the FCHP Care Choice plans?**

Yes. Preventive care is a part of the comprehensive benefit package. Some preventive care may require a copayment. In-network preventive care is not subject to the deductible.

### **What is considered preventive care?**

In-network office visits with the member's primary care physician or OB/GYN for routine physical exams and well-child care for dependent children are considered preventive care in accordance with Massachusetts Health Quality Partners recommended guidelines.

### **What are qualified medical expenses?**

Qualified medical expenses are expenses allowed under the federal tax law applying to HSAs. Some examples include services that are subject to the deductible and copayments. A list of these expenses is available on the IRS Web site at [www.irs.gov/publications/p502/index.html](http://www.irs.gov/publications/p502/index.html).

### **What is a health savings account?**

An HSA is a tax-advantaged account that members own for the purpose of paying qualified medical expenses for themselves and their dependents. HSAs are portable should the member change employers. Funds can accumulate for future health expenses or may be used for current qualified medical expenses. A qualified high-deductible health plan is needed to open an HSA.

### **Can I open an HSA?**

In order to open an HSA, members must have a qualified high-deductible health plan, such as an FCHP Care Choice plan, and they cannot be covered by another health plan. In addition, individuals enrolled in Medicare cannot open an HSA. Finally, individuals cannot be claimed as a dependent on another person's tax return.

**What happens if I use money from my HSA to pay for non-qualified expenses?**

If an individual uses an HSA for non-qualified expenses, the amount will be taxable. Also, he or she will have to pay an additional 10% tax penalty on the withdrawal amount.

**What are the advantages to opening an HSA?**

Members who open an HSA will benefit from pre-tax savings when paying for qualified medical expenses. These funds may earn interest, may be invested and can be accumulated to be used for future medical expenses. HSAs are portable should employees leave their current employer. The end result is more control in the hands of the employees on how to spend their medical dollars.

**Who can contribute to an HSA?**

The employer, the employee or both may contribute to the HSA in a given year. Contributions can also be made by others on behalf of an eligible individual.

**How much can I contribute to an HSA in 2010?**

For an individual, the contribution amount cannot exceed \$3,050. For a family, the contribution amount cannot exceed \$6,150. These guidelines are updated annually by the IRS.

**I currently have a flexible spending account, or FSA. Can I continue to use my FSA with an HSA?**

Yes! A limited-purpose FSA can be used to cover services such as vision or dental expenses. Members should check with their employer for more details.

**Can I roll over my unused funds to the next year?**

Yes. Rollover amounts are permitted.

**How can I get the most out of my HSA?**

If an individual is planning on using an HSA for future medical expenses, contribute the full allowable contribution and save funds for long-term medical expenses. If an individual is planning on using an HSA to offset qualified medical expenses immediately, he or she may contribute up to the allowable contribution amount and use funds for all services subject to the deductible. Either way, members can maximize their HSA dollars by using the benefits and providers available through an FCHP Care Choice plan.

**Can I still use my HSA funds if I am no longer enrolled in a high-deductible health plan?**

Yes. HSA funds can be removed tax-free for eligible medical expenses for the individual or a tax dependent at any time, regardless of whether either person is enrolled in a high-deductible health plan. There is no time limit on using the funds. However, an individual is no longer eligible to contribute to an HSA beginning with the first of the month he or she is no longer enrolled in a qualified high-deductible plan.

**What happens to the money in an HSA after I turn age 65?**

An individual can continue to use the account tax-free for qualified out-of-pocket health expenses. When an individual enrolls in Medicare, he or she can use the account to pay Medicare premiums, deductibles, copayments and coinsurance under any part of Medicare. If an individual has retiree health benefits through a former employer, he or she can also use the account to pay for his or her share of retiree medical insurance premiums. However, an individual cannot purchase a Medicare supplemental insurance, or "Medigap," policy with an HSA account. The account may be used to pay for things other than medical expenses; the amount withdrawn will be taxable as income, but will not be subject to any other penalties.

**1-800-868-5200 (TDD/TTY: 1-877-608-7677)**  
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