

HSAs

Health Savings Accounts



Case Studies



HSA Case Study 1

Justin is a healthy 28-year old single man who is active in sports and goes to the gym 3 times a week. He contributes \$1,000 each year to his HSA. His plan's annual deductible is \$1,500 for individual coverage. If Justin uses his HSA to pay for covered services, this will reduce his out-of-pocket amount needed to meet his deductible before traditional health coverage begins.

Here is a look at the first 2 years of Justin's HSA plan, assuming the use of in-network providers:

Year 1

HSA - \$1,000 contribution	\$1,000
<u>Total Expenses:</u>	
Prescription drugs - \$150	\$500
Routine Physical/Lab tests - \$350	
Paid by preventive care benefit* – no deduction from HSA	\$350
Amount paid from HSA (Justin's choice)	\$150
HSA Rollover to Year 2	\$850
<i>Since Justin did not spend all of his HSA dollars, he did not need to pay any additional amounts out-of-pocket this year.</i>	

Year 2

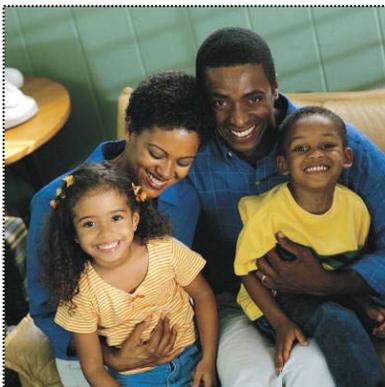
HSA Balance: \$850 from Year 1, plus \$1,000 contribution for Year 2	\$1,850
<u>Total Expenses:</u>	
Office visits - \$100	\$450
Blood work - \$150	
Prescription drugs - \$200	
Paid by preventive care benefit* – no deduction from HSA	\$150
Amount paid from HSA (Justin's choice)	\$300
HSA Rollover to Year 3	\$1,550
<i>Once again, since Justin did not spend all of his HSA dollars, he did not need to pay any additional amounts out-of-pocket this year.</i>	

* If preventive care is covered by the health plan

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HSA Case Study 2

The Bennetts haven't had the best luck – daughter Jasmine was diagnosed with diabetes a few years ago, and son Alex has broken several bones. They contribute \$2,000 to their HSA each year. Their plan's annual deductible is \$5,000 for family coverage. If they choose to use their HSA to pay for covered services, it will reduce the out-of-pocket amount needed to meet their deductible before traditional health coverage begins.

Here is a look at the first 2 years of the Bennetts' HSA plan, assuming the use of in-network providers:

Year 1

HSA - \$2,000 contribution	\$2,000
<u>Total Expenses:</u>	
Preventive Care Services - \$600	
Office Visits - \$350	\$1,500
Prescription Drugs - \$200	
Emergency Room Visits - \$350	
Paid by preventive care benefit* – no deduction from HSA	\$600
Amount paid from HSA (the Bennetts' choice)	\$900
HSA Rollover to Year 2	\$1,100
<i>Since the Bennetts did not spend all of their HSA dollars, they did not need to pay any additional amounts out-of-pocket this year.</i>	

Year 2

HSA Balance: \$1,100 from Year 1, plus \$2,000 contribution for Year 2	\$3,100
<u>Total Expenses:</u>	
Preventive Care Services - \$600	
Office Visits - \$300	\$1,100
Prescription drugs - \$200	
Paid by preventive care benefit* – no deduction from HSA	\$600
Amount paid from HSA (the Bennetts' choice)	\$500
HSA Rollover to Year 3	\$2,600
<i>Again, since the Bennetts did not spend all of their HSA dollars, they did not need to pay any additional amounts out-of-pocket this year.</i>	

* If preventive care is covered by the health plan

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HSA Case Study 3

Angela is divorced, and in good health at age 62, but due to a car accident, her expenses were higher than usual her second year of enrollment. Thanks to her HSA savings from her first year, she had money to help cover most of her expenses in the second year. Angela contributes \$2,000 to her HSA each year, and her plan's deductible is \$2,500. If she chooses to use her HSA to pay for covered services, this will reduce or eliminate the out-of-pocket amount needed to meet her deductible before traditional health coverage begins.

Here is a look at the first 2 years of Angela's HSA plan, assuming the use of in-network providers:

Year 1

HSA - \$2,000 contribution	\$2,000
<u>Total Expenses:</u>	
Prescription Drugs - \$150	
Office Visits - \$200	
Preventive Care Services - \$350	\$700
Paid by preventive care benefit* – no deduction from HSA	\$350
Amount paid from HSA (Angela's choice)	\$350
HSA Rollover to Year 2	\$1,650
<i>Since Angela did not spend all of her HSA dollars, she did not need to pay any additional amounts out-of-pocket this year.</i>	

* If preventive care is covered by the health plan

Year 2

HSA Balance: \$1,650 from Year 1, plus \$2,000 contribution for Year 2	\$3,650
<u>Total Expenses:</u>	
Preventive Care Services - \$350	
Hospital and Surgery Charges - \$4,300	
Prescription drugs - \$250	
Physical Therapy - \$8,000	\$12,900
Paid by preventive care benefit* – no deduction from HSA	\$350
Expense balance remaining	\$12,550
Amount paid by HSA (Angela's choice; meets her deductible)	\$2,500
Expense balance remaining	\$10,050
Charges paid by traditional health coverage (80% x \$10,050)	\$8,040
Angela pays coinsurance under traditional health coverage (20% x \$10,050)	\$2,010
Total Amount HSA and Plan Pays	\$10,540
Total Amount Angela Pays	\$2,010
HSA Rollover to Year 3 *Assumes a coinsurance cap of \$2500. There would be no rollover if there is no coinsurance cap.	\$1,150
<i>Since Angela carried over a balance of \$1,650 from Year 1, she was able to meet her deductible with her HSA dollars - and still have some left to roll over to Year 3.</i>	