

Case Studies:

Health Savings Accounts



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

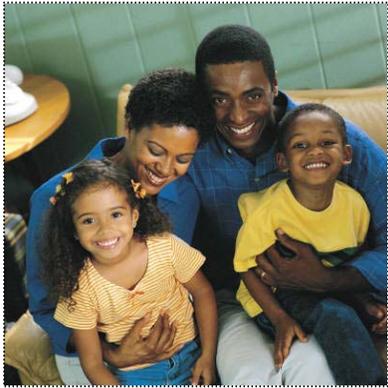
HSA - \$1,000 contribution	\$1,000
Total Expenses: Prescription drugs - \$150 Routine Physical/Lab tests - \$350	\$500
Paid by preventive care benefit* – no deduction from HSA	\$350
Amount paid from HSA (Justin's choice)	\$150
HSA Rollover to Year 2	\$850
<i>Since Justin did not spend all of his HSA 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
Total Expenses: Office visits - \$100 Blood work - \$150 Prescription drugs - \$200	\$450
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 Prescription Drugs - \$200 Emergency Room Visits - \$350	\$1,500
Paid by preventive care benefit* – no deduction from HSA	\$650
Amount paid from HSA (the Bennetts' choice)	\$850
HSA Rollover to Year 2	\$1,150
<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: \$1,150 from Year 1, plus \$2,000 contribution for Year 2	\$3,150
<u>Total Expenses:</u> Preventive Care Services - \$600 Office Visits - \$300 Prescription drugs - \$200	\$1,100
Paid by preventive care benefit* – no deduction from HSA	\$500
Amount paid from HSA (the Bennetts' choice)	\$600
HSA Rollover to Year 3	\$2,550
<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

Health Savings Accounts

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
Total Expenses: Prescription Drugs - \$150 Office Visits - \$100 Preventive Care Services - \$175 Eyeglasses - \$75 Acupuncture Treatments - \$200	\$700
Paid by preventive care benefit* – no deduction from HSA	\$300
Amount paid from HSA (Angela's choice)	\$400
HSA Rollover to Year 2	\$1,600
<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: \$1,600 from Year 1, plus \$2,000 contribution for Year 2	\$3,600
Total Expenses: Preventive Care Services - \$350 Hospital and Surgery Charges - \$4,300 Prescription drugs - \$250 Physical Therapy / Trips to hospital for treatment - \$6,250 Crutches - \$200 Wheelchair - \$250 Sessions with Psychologist - \$1,000 X-Rays - \$300	\$12,900

Paid by preventive care benefit* – no deduction from HSA	\$500
Expense balance remaining	\$12,400
Amount paid by HSA (Angela’s choice; meets her deductible)	\$2,500
Expense balance remaining	\$9,900
Charges paid by traditional health coverage (80% x \$9,900)	\$7,920
Angela pays coinsurance under traditional health coverage (20% x \$9,900)	\$1,980
Total Amount HSA and Plan Pays	\$10,420
Total Amount Angela Pays	\$1,980
HSA Rollover to Year 3	\$1,100
<i>Since Angela carried over a balance of \$1,600 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>	

As Angela knows, acupuncture, eyeglasses, physical and mental therapy, as well as crutches, wheelchairs, transportation/trips for treatment, surgery, X-rays, and hospital food/lodging are all HSA-eligible expenses. Make sure to refer to the flyers “HSA Eligible Expenses” and “HSA Ineligible Expenses” for further information about what can be claimed.

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