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# Pres White Journal

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## HSA's—A POPULAR NEW DIRECTION OR A ROAD LESS TRAVELED?

With the vision of costly health insurance as a runaway train taking aim at working families, the writing was on the wall in the halls of Congress to seek some sort of remedy. As a result, the Medicare Modernization Act of 2003 gave birth to HSA's or Health Savings Accounts. The idea was to allow us "plain folk" to have some decision capability with the use of a "pre-tax savings account" combined with a lower premium / high deductible health plan (HDHP).

The guidelines are quite clear. The account must be set up for the sole purpose of qualified healthcare expenses and the HSA must be linked to a HDHP.

The aspect of what falls under "qualified" expenses tends to be gray. While many expenses may seem obvious, others may not be so clear. Would Medicare Part D premiums be an eligible expense? For Medicare Part D, as long as the employee is at least 65, the premiums would be eligible.

However, if the employee is under 65 but his/her spouse is over 65, their premium would not be considered eligible. Some question whether HSA's tend to favor the more affluent as a place to park pre-tax dollars. They also tend to favor "healthy people" who don't need to access their funds. Would that put pressure on the traditional insurance market who would be covering the less healthy individuals?

To their credit, many non-traditional services are considered eligible, some of which include: Dental, Capital Improvement (home renovation for disability conditions), Eyeglasses / Contact Lenses, Hearing Aids, Guide Dogs, etc. For a detailed list you can consult IRS publication 502 or contact our office for this listing.



Consideration also must take into account the premium for the HDHP. Is it cost effective vs. a traditional plan? The idea is to make people more responsible and disciplined with their health care costs. Could this be the way?

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