



MASSACHUSETTS

Health Savings Accounts



Control, Flexibility, and Peace of Mind

Your health plan includes an option for you to open a Health Savings Account (HSA). Setting up an HSA with your Blue Cross Blue Shield of Massachusetts Saver plan is a great way to control and plan for your health care expenses over the coming years. It gives you the freedom to manage the way you save and spend your health care dollars.

What is an HSA?

HSAs allow you to set aside tax-free dollars that you can save for medical expenses today, tomorrow, and even for retirement.

How does an HSA work?

Your HSA works a lot like a savings account that you use to pay for qualified health care expenses. Money is deposited into the account, and you can spend it when you need it.

Because your health plan has a deductible, the HSA is a great way to set aside funds to minimize your out-of-pocket costs when you get care.

You can use the HSA to pay for qualified medical expenses, such as:

- Qualified medical, dental, and vision services
- Deductible expenses
- Copayments
- Co-insurance

You can also use your HSA funds for some qualified expenses that aren't covered by traditional health plans, such as laser eye surgery. However, if you use the HSA funds for non-qualified services, you'll be responsible for taxes and a penalty.

How much can I contribute to my HSA?

You can fund an HSA within the annual limits set by the Internal Revenue Service (IRS):

Maximum HSA Contribution ¹	Individual	Family
2019	\$3,500	\$7,000
2020	\$3,550	\$7,100

1. Adjusted annually for inflation. If you're age 55 or older, you can make additional "catch-up" contributions. The "catch-up" contribution limit for 2019 and 2020 is \$1,000.

What are the advantages of an HSA?

HSAs allow you to put money aside for health care expenses, control the funds, and enjoy the benefits of:

- Pre-tax contributions—Reduce your taxable income. For example, if you're in the 30 percent federal tax bracket and contribute \$100 each month to your HSA, your taxable income will decrease by \$100, saving you \$30 in taxes.
- Tax-free growth—Earn interest and build savings tax-free
- Tax-free withdrawals—For qualified medical expenses
- Portability—The funds stay with you if you change employers
- Control—Decide for yourself whether to spend or save
- Investment flexibility—Help your money grow by investing in mutual funds and other securities (check with your HSA administrator for investment rules)
- Retirement savings—Much like an IRA, you can make tax-free contributions to your HSA. However, unlike an IRA, withdrawals from your HSA are tax-free when you withdraw money from your HSA after the age of 65 for qualified medical expenses.

Can I use an HSA to build health care savings?

The money in your HSA is yours, and you control the account. If you leave your employer, your account goes with you and any unused funds roll over from year to year.

This means you can save funds for use in future years—even in retirement. And you can invest the money to help it grow (see your employer for specifics on investing).