# Health Savings Account (HSA) FAQs

*These FAQs are not tax advice as individual situations vary greatly and state and federal government-related laws and how they apply to individuals can change. Always consult with your tax advisor when making any decisions that impact your taxes. HealthEquity is available every hour of every day to answer questions at 1.877.713.7680.*

[Return to top](#)

1. **What is a Health Savings Account (HSA)?**

A Health Savings Account (HSA) is a special savings account that works with a qualified high deductible health plan (HDHP). Adobe's HDHP is the [Aetna Health Save medical plan](#) and the HSA administrator is [HealthEquity](#).

When you enroll in the Aetna Health Save medical plan and open an HSA account with Health Equity, Adobe makes a lump-sum contribution to your HSA based on your medical plan coverage tier. You can add additional funds to the HSA account through payroll deductions or direct contributions via tax-deductible payments online on Health Equity website. You use the money in your HSA to pay for healthcare-related expenses, including medical, dental, and vision, that are eligible but not fully covered by your insurance (like deductibles, co-pays, co-insurance).

*If you are planning to use your HSA to pay for dependent expenses, refer to the section titled [Whose Medical Expenses Can You Include](#) in IRS publication 502 and consult with your tax advisor if you have questions.*

2. **Am I eligible to contribute to an HSA?**

Because the HSA is a tax-favored account, there are rules about who can participate. Refer the section titled [Qualifying for an HSA in IRS publication 969](#), contact Health Equity with questions and consult with your tax advisor. If you are unsure if you qualify, talk to your tax advisor. *Be sure to confirm your eligibility to contribute to an HSA before enrolling in the Aetna Health Save medical plan.*

**You are eligible to contribute to an HSA (make personal contributions and receive employer contributions) if you:**

- Are covered by a high deductible health plan (like Adobe's Aetna HealthSave medical plan)
- Are not covered by another health plan
- Are not eligible to be claimed as a dependent on another person's tax return
- Are not entitled to Medicare benefits

**You are NOT eligible for an HSA if you:**

- Are covered by any other health insurance plan that is not a qualifying plan. This includes a medical plan that is not a qualified HDHP or a traditional **Flexible Spending Account**, even through your spouse's employer.
- Are enrolled in Medicare (Part A or B) or if you are claimed as a dependent on another person's tax return.
- Are not a U.S. resident (residents of Puerto Rico or American Samoa do not meet U.S. residency requirements for HSAs).
- Are on active military duty or if you are a veteran who received veteran's benefits within the last three months.

3. **My spouse has a health policy through her employer, am I eligible for an HSA?**

If your spouse has an individual policy and no other insurance and you are otherwise qualified (see above), you are eligible to have an HSA. However, if your spouse participates in an FSA you would not be eligible for an HSA if your spouse can use the FSA for your general health expenses. This is because you are not eligible for an HSA if you are covered by "other insurance". Even though you are not covered by your spouse's health insurance, the IRS has determined that your spouse's FSA is considered "other insurance" thus rendering you ineligible for an HSA. An exception to this rule exists for limited purpose FSAs (those that cover vision and dental expenses only) and you would be eligible for an HSA if your spouse had a limited purpose FSA.

Return to top

4. **Whose medical expenses can I pay for using the HSA (can I pay dependent expenses from my HSA)?**
You can pay for medical expenses for yourself, and generally, your spouse's and dependents' expenses as well. **However, the IRS has specific rules and definitions related to spouses and dependents which are different than the eligibility rules for coverage under Adobe's medical plans.** For example, you can cover an adult child in your medical plan, but you cannot use your HSA for their expenses if they are not your tax dependent. **Consult with your tax advisor to confirm whose medical expenses you can include.** *You may find it helpful to refer to the section titled Whose Medical Expenses Can You Include in IRS publication 502.*

5. **My Domestic Partner is covered on my insurance plan. Can I use my HSA for their medical expenses?**
If your domestic partner meets the IRS qualifications of a tax dependent, you can legally use your HSA funds for his/her medical expenses. (Unlike spouses, domestic partners do not automatically qualify for tax-free and penalty-free disbursements from their partner's HSA, whether reimbursements for incurred expenses or withdrawals using a debit card.)

6. **I don't cover my children under my medical plan; can I use the money in my HSA to pay for their medical expenses?**
Yes. The money in your HSA can be used to pay for qualified medical expenses of any family member who qualifies as a dependent on your tax return. However, if the dependent isn't covered under your plan, his/her expenses won't be applied toward your deductible.

7. **I cover my 24 -year old child in my Aetna HealthSave medical plan; can I use the money in my HSA to pay for their medical expenses?**
No, you cannot. When the child is still a tax-dependent (up to age 19 or, if full-time student, age 24), then the child's out-of-pocket medical expenses can be paid with your HSA. In other words, the parent can use their own HSA to pay for the child's medical expenses. When your child is no longer a tax-dependent but on your medical insurance plan (through age 26), then your child's out-of-pocket medical expenses cannot be paid with your HSA.

   Adobe's medical plans allow you to cover a dependent child up to age to 26, even if they are not your tax dependent. However, the definition of a dependent for HSAs is different. That means that you could be subject to a penalty plus taxes if you use the pretax dollars from your HSA to pay health expenses for your older covered dependent.

   Contact HealthEquity if you have any questions about using your HSA for your child's expenses.

8. **Can you be Medicare eligible and contribute to an HSA?**
No, if you are enrolled in either Part A or Part B of Medicare you are ineligible to contribute to a health savings account (or receive an employer's contribution). HSA contributions must stop once an individual is eligible for Medicare.

   *Learn more about Medicare by reviewing the CMS booklet titled Medicare and You or visiting their website http://www.medicare.gov/. Call Social Security at 1-800-772-1213 for more information about your Medicare eligibility.*

Return to top

9. **When can I start using the money in my HSA?**
As soon as the money is in your account, you can start using it. However, you can only withdraw up to the total amount in your HSA. If you have an expense that is more than the amount in your account, you can pay for it out-of-pocket and reimburse yourself later when additional money is in your account.

10. **What happens if I don't use all of the money in my HSA by the end of the year?**
Your HSA money is yours to keep. If you don't use all of the money in your account during the year, it carries over to the next year. And, if you retire or leave your employer, your account goes with you. You can even use your HSA money if you enroll in a different type of health plan, but you can no longer contribute if you are not enrolled in an HDHP.

11. **How does it work?**
If you enroll in the Aetna Health Save medical plan (Adobe's HDHP), Adobe will automatically enroll you in a Health Savings Account (HSA) with HealthEquity, which you may need to activate. Approximately 10 to 15 business days after you enroll (if you are enrolling outside of the annual Open Enrollment period), you will receive a medical card from Aetna and an HSA debit card from HealthEquity. At that time you should activate your HSA debit card and register on the HealthEquity website to access your HSA account online. Once your HSA is activated, Adobe will make a lump-sum contribution (prorated if you enroll mid-year) and you can add to your HSA account too through pre-tax payroll contributions or directly with post-tax contributions (tax deductible on federal tax return) as long as the combination of all the contributions do (yours and Adobe's) do not exceed the maximum annual deposit limit for your family status.

You can use your HSA money to pay for expenses like doctor visit co-pays or other healthcare expenses, including prescriptions for you or eligible tax dependents.

Reimbursement is easy. You can use a debit card or do online transactions from your HealthEquity account to spend your HSA money on eligible expenses. There is also no time limit on when you can reimburse yourself for an expense. You also have the option of paying for your healthcare expenses out-of-pocket, allowing you to save your HSA money for future healthcare expenses.

12. **Can you give an example of when I would pay an in-network office visit from my HSA if I'm enrolled in the Aetna Health Save plan?**
It's best to have your doctor's office put the charge through to your insurance, so that you receive credit toward your deductible and know exactly what to pay. Some doctors may require that you pay up front, but most bill your insurance, and then bill you only once the claim has been processed. Make sure you don't pay more than your portion shown on the explanation of benefits you receive from your insurance carrier.

Here is how an in-network claim for an office visit (non-preventive care) would likely flow if we make the assumption that that you have not met your annual deductible yet:

1) You present your new Aetna Health Save medical card to your doctor's office and ask them to bill your insurance. (Generally in-network providers will always handle the billing to Aetna without you having to ask.)
2) Aetna will process the claim and inform the doctor that your deductible has not been met and indicating your share of the cost. (Aetna will record the bill amount against your annual deductible and send you an Explanation of Benefits (EOB) with the details.)
3) The doctor will then bill you for the office visit, which is at an Aetna contracted rate (typically a discounted rate when you use in-network providers).

Return to top

4) You compare the EOB from Aetna to the doctor's bill to confirm they have billed you the correct amount for the office visit. You can pay the bill from your HSA account.

The process repeats each time you obtain healthcare services but once you need your deductible, Aetna will start paying 90% of the negotiated rate to the doctor so they will bill you for only 10% until you reach your out of pocket maximum for the year.

**13. How are prescriptions covered under the Aetna Health Save medical plan and when can I use my HSA to pay for my share of the cost?**

Prescriptions are subject to the medical plan deductible so, if you have not met your deductible, you must pay the full negotiated cost of the prescription at the time that you obtain it. Once you meet your deductible, you pay co-pays of $15 for generic, $45 for brand, $65 for other brand name medications. You can use your HSA card to pay the pharmacy.

Prescription amounts you paid (towards the deductible and co-pays) are subject to the medical plan's annual out of pocket maximum so once you reach that limit, the plan will pay 100%.

Check what you can expect to pay for a drug based on your plan and compare the costs of generic and brand-name drugs by logging into aetna.com and using their **Price-A-Drug tool**.

**Please note:** Preventive care medications are fully covered by the medical plan and are not subject to deductible or copays. Contact Aetna with any questions about your medications.

**14. I have an expensive prescription that costs more than the plan's deductible, what will the network pharmacy charge me?**

Prescriptions are subject to the medical plan deductible so, if you have not met your deductible, you must pay the full negotiated cost of the prescription at the time that you obtain it. Once you meet your deductible, you pay co-pays of $15 for generic, $45 for brand, $65 for other brand name medications. Prescription amounts you paid (towards the deductible and co-pays) are subject to the medical plan's annual out of pocket maximum so once you reach that limit, the plan will pay 100%.

**Here is an example to illustrate and put it all together:**

Let's assume you have employee only coverage (*in-network deductible $1,250 and OOPM $2,800)* and you are taking an "other brand" prescription costing $1,500 and you haven't paid anything towards your deductible yet:

- You would pay the pharmacy the first $1,250 to meet your deductible and then pay a $65 copay.
- So your cost at the point of service is $1,315 but remember that you can use your HSA card to access the Adobe HSA contribution ($750), for a true out of pocket cost to you of $565.
- The next time you fill a prescription, you will pay only a copay of $15, $45 or $65.

Also, now that you've met your deductible, any other in-network non-preventive health care services you obtain in the calendar year will be covered at the 90% level. *(Remember preventive care always 100% covered by the plan.)*

Lastly, you have also now paid $1,315 towards your in-network $2,800 out of pocket maximum, so in a worse-case scenario, should you have a lot of expenses this year, your remaining in-network cost risk (in co-insurance and Rx copays) is $1,485; thereafter the plan pays 100%.

Return to top

**15. How much money can I put into my HSA?**

The amount you or any other person can contribute to your HSA depends on the type of coverage you have, your age, the date you become an eligible individual, and the date you cease to be an eligible individual.

For 2015, if you have self-only HDHP coverage, you can contribute up to $3,350. If you have family HDHP coverage, you can contribute up to $6,650. If you are age 55 through 64, you can make an additional annual "catch-up" contribution of $1,000.

Because Adobe makes a contribution to your HSA, you can contribute the difference to reach the maximum contribution determined by the IRS. If your spouse also has an HSA, then both of your HSA contributions cannot exceed the maximum HSA contribution for the year.

If you have a mid-year change or will cease to be covered in the Aetna HealthSave medical, contact HealthEquity to review how your specific change may impact the amount you can contribute to your HSA.

As long as you are eligible to make HSA contributions for the last month of a given taxable year, you are considered eligible for the entire year and able to contribute up to the maximum annual amount into your HSA. However, you must also remain eligible to make HSA contributions (meaning you must continue to participate in an eligible high deductible health plan) for the remainder of that month and the following 12-month period.

Anyone who does not remain eligible for this period of time will be taxed on the contributions that were made in the prior year, plus a 10% excise tax. As an example, if you were a new hire that enrolled in a qualified high deductible health plan as of December 1 and contributed $1,000 to an HSA account prior to the end of the year, then decided to elect a different plan as of January 1 during open enrollment, the $1,000 contribution you made would be taxed as in- come and an additional 10% excise tax would be charged. This action would occur when you file your tax return for the prior year.

**16. Why do I have to monitor and manage my HSA contribution limits (i.e. why not Payroll or Health Equity)?**

Because your contribution limit can change based on your personal situation. Maximizing contributions into your HSA are dependent upon a few different items – coverage status (family or single), time in that status, age and months in a Qualified High Deductible Plan.

Since those factors change, the HealthEquity system will allow for you to put up to the statutory maximum set by the IRS of $7,650 (family max of $6,550 + catch up contribution for those 55 and over $1,000 = $7,550) in 2015. This may mean that you could go over the maximum for your personal situation, but never over the statutory maximum. That is why it is important to know the maximum for your situation and be aware of all contributions made to, or that will be made to, your account. Keep in mind that if you change status sometime during the year, you will need to be aware of the changes in what you can contribute to your account. This may mean you can add more or must reduce the contributions flowing into your account. If you are in a situation where you may go over the maximum for your status, you can change your payroll deduction to fall in line to the maximum for your given situation. Whatever means you chose to deposit money into your account, you need to take into account all dollars that will be deposited into your account including payroll deductions and Employer contributions. Keep in mind that you can always call HealthEquity, every hour of every day, to be assisted to guide you in your personal contribution situation at 877-713-7680.

Return to top

**17. If I switch coverage tiers (i.e. family to self) mid-year, how does this affect my contribution limits into the HSA?**

Below is an explanation, but please note that you can call HealthEquity at 1-877-713-7680 every hour of every day to talk to an expert about your change and the impact to your HSA.

Tier changes impact how much you can contribute to your HSA. For example, if you have a life event such as marriage or the birth of a child, and stay covered by the Aetna HealthSave medical plan (Adobe's HSA-compatible health plan) but switch from single to family coverage mid-year. Under this scenario, have family coverage for the full month of December of the current year; you may contribute the maximum family contribution for that year as long as you satisfy **the last-month rule**.

So for example, if Erika changed coverage from single to family on July 1 - Erika can contribute the full family maximum amount, as long as she has family coverage on December 1 of that year and satisfies the "testing period" for the "last-month rule".

If you change from family coverage to single coverage and have single coverage for the full month of December, you may contribute more than the single maximum contribution but less than the family maximum contribution.

To calculate the contribution limit, take the number of months with single coverage multiplied by the maximum annual single coverage divided by 12 ($3,300 / 12) plus the number of months with family coverage multiplied by the maximum annual family coverage contribution limit divided by 12 ($6,550 / 12).

So for example, if Jane changed coverage from family to single on July 1, she would calculate her contribution amount as follows: (6 x $275.00) + (6 x $545.83) = $4,924.98

If you have contributed too much to your HSA, you have until the deadline for filing your tax returns (generally April 15) of the following year to request an excess contribution distribution. For more information and assistance please contact HealthEquity's Member Service team at 1-877-713-7680.

**18. Can I ever contribute more than the annual maximum?**

Yes. Catch-up contributions are allowed. If you reach age 55 through 64, you can make an additional annual contribution of $1,000. If you cannot make catch-up contributions through your employer, they can be made as tax-deductible lump-sum payments to your account. Contributions must stop once an individual is eligible for Medicare.

**19. Who is responsible for ensuring my contributions to my HSA do not exceed IRS limits?**

You are. Monitor the contributions to your HSA account (Adobe's and yours) to ensure you do not exceed the IRS limits. (Refer to question 14.)

**20. When do I choose my contribution amount and can I change it at any time?**

You can decide how much to contribute per paycheck at the time that you enroll (when first eligible or during Open Enrollment) and you can also make changes at any time on the Adobe Benefits Enrollment Site (find link at benefits.adobe.com). Any changes you make will become effective on the next feasible payroll period, subject to payroll cutoff dates.

You also have the option to make tax-deductible lump-sum payments to your account at any time

Return to top

before the federal income tax return filing deadline. For example if you enrolled effective January 1, 2015, you can begin contributing on January 1, 2015, and you can contribute any time before April 15, 2016.

21. **What expenses are covered under my HSA?**
Most healthcare expenses, including prescription drugs, can be paid for using your HSA money. You can also use your account to pay for many other qualified medical expenses that are not covered by your health insurance plan. Some typical examples of HSA-eligible expenses may include the ones listed below but refer to IRS publication 502:
   - Medical and prescription drug deductible, co-insurance and co-payments
   - Dental deductibles, coinsurance and copayments
   - Orthodontia or other dental care
   - Eye exams, contact lenses, and glasses

You may use the funds in your HSA for any other purpose—however, income and penalty taxes will apply to the funds you withdraw.

22. **Is the HSA the same as a healthcare Flexible Spending Account (FSA) or Health Reimbursement Arrangement (HRA)?**
An HSA is not the same as a healthcare Flexible Spending Account (FSA) or Health Reimbursement Arrangement (HRA).

A healthcare FSA is a reimbursement account offered by employers. It saves you money by letting you use pre-tax dollars to pay for items not covered by your traditional health insurance plan. And you can access your entire year's worth of contributions at the start of your employer's benefit plan year. IRS rules state that you forfeit any remaining money in your FSA if you do not use it all before the end of your plan year, which is December 31. **If you are eligible to contribute to an HSA, you cannot participate in a healthcare FSA.**

An HRA is a medical expense reimbursement plan, in which only the employer may make contributions on your behalf. Adobe's HRA plan is the Aetna HealthFund medical plan. Employees enrolled in the Aetna HealthFund cannot make contributions to the HRA. Only eligible medical expenses that are covered by Aetna can be paid by the HRA. The HRA is not portable, but any unused balances roll over year to year up to the balance cap as long as you continue to be enrolled in the Aetna HealthFund medical plan.

23. **What happens to my HSA contributions if I leave or am terminated from my job?**
Your HSA account is your account regardless of your employment situation. You can use the money to pay for healthcare expenses in the future—even during retirement—on a pre-tax basis. And, should you die, your account goes to your designated beneficiaries.

24. **Can I continue to make deposits to my HSA if I am on COBRA?**
You may continue to contribute to your HSA while on COBRA if you continue to participate in an HSA-eligible high deductible health plan. HealthEquity can assist you with any questions about making direct contributions to your HSA.

Return to top

**25. What happens to my HSA if I no longer participate in an eligible high deductible health plan?**
You can continue to use the money in your account to pay for eligible healthcare expenses, regardless of the type of coverage you have. However, you cannot make additional contributions to the HSA during the period in which you are not participating in an HSA-eligible high deductible health plan.

**26. Will I get paid less every pay period if I decide to make contributions to my HSA?**
Your gross pay will remain the same. But your 'net' pay will be lower because a portion of it (whatever amount you choose) will go into your HSA for you to use towards your medical expenses. Because this money gets put into your HSA account before taxes, your contributions lower your "taxable" income so you get the advantage of saving money on healthcare expenses by saving on taxes.

**27. Is my HSA account free from State and Federal taxation?**
HSAs do receive Federal and State tax advantages in most States. All contributions and earnings are free from Federal tax. Distributions are free from Federal tax if used for qualified purposes (refer to IRS pub 969 and 502). Most states don't require you to pay taxes on your HSA contributions, but there are a few that do. **Check with your tax advisor to find out if your state follows the federal guidelines.**

**California**: Currently the State of California does not allow for tax exemption for HSA contributions or earnings. The state of California does tax contribution to an HSA made by an employer on behalf of an employee, employee contributions to their HSA, and interest earned on an HSA account.

**28. Will my HSA contributions have California tax automatically taken out through payroll deduction each pay period, or will I get hit with the CA tax bill for my HSA contributions when I do my tax return after year-end?**
For contributions that go through Adobe's Payroll, the Payroll Department will include your pre-tax HSA contributions in your state taxable income. This will be reported on your W-2, and final tax liability will be determined when you file your tax return.

**29. Is the money tax-free when I withdraw?**
Yes. Your money is not taxed if it is withdrawn for qualified healthcare expenses. View a list of potentially eligible expenses (IRS publication 502).

**30. I would like to increase my HSA account balance to help cover healthcare expenses in the future. Can I move money from my other retirement accounts?**
Yes. You are allowed a one-time rollover from an IRA account into an HSA account. The funds that you rollover will be protected from taxation, as long as you use those funds for qualified health care expenses. This is an advantage over the IRA, as those funds are taxable upon distribution. You must handle this rollover on a trustee-to-trustee basis. You are limited to the annual maximum in effect for your level of coverage (single or family) at the time you make the rollover. If you have single cover- age at that time, but within the same year change to family coverage, you do have the opportunity to make a second transfer and bring the annual maximum up to the family coverage level. But you must remain eligible to make HSA contributions during the month of the transfer and over the following 12 months. Otherwise, the transfer will be treated as ordinary income and will be subject to the 10% excise tax.