Frequently Asked Questions – High-Deductible Health Plan (HDHP) with Health Savings Account (HSA) Plan

HDHP with HSA Plan Overview

The HDHP (High-Deductible Health Plan) provides medical coverage coupled with a health Savings Account (HSA). Henrico County contributes HSA funds each year to full-time benefit-eligible employees – $1,500 for individual coverage and $3,000 for dependent-level coverage. You may also choose to make additional pre-tax contributions, up to the maximum allowed by the IRS.

You can use money in your HSA to pay for qualified medical expenses, including but not limited to prescriptions, doctor visits, lab tests, and mental health services. The HDHP plan is a "consumer-driven health plan" designed to help you take greater control of your health care spending. It includes traditional health coverage to help protect against larger medical costs.

Health Savings Account (HSA) Frequently Asked Questions

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

a. An HSA is a special savings account that lets you set aside money for qualified expenses. It's designed to be used alongside a High-Deductible Health Plan (HDHP) to help pay for things like doctor visits, prescriptions, and other eligible medical, dental, and vision expenses.

2. Am I eligible for an HSA?

a. To open and contribute to an HSA, you must meet the following criteria:
   i. You must be covered under a qualified high-deductible health plan (HDHP). ***Note: Federal law requires minimum deductible levels for individual and family coverage for HSA-compatible health plans.***
   ii. You have no other health insurance coverage unless permitted by IRS guidelines. This would include being enrolled in your spouse's plan as secondary coverage.
   iii. You must be enrolled in the plan on the first day of the month (otherwise, your eligibility to make contributions to your HSA begins the first day of the following month). You may make the maximum annual HSA contribution for the year regardless of the month you become eligible.
   iv. You must not be enrolled in or entitled to Medicare benefits.

v. You must not be enrolled in TRICARE or TRICARE for Life.
vi. You must not be claimed as a dependent on another individual's tax return.
vii. You haven't received Veterans Affairs (VA) benefits within the past three months, except for preventive care. If you have a disability rating from the VA, this exclusion does not apply.
viii. You do not have a Healthcare Flexible Spending Account (FSA). *This includes a spouse's Healthcare FSA* as this is considered "other health coverage" by the IRS. The only exception is if your spouse has a limited purpose FSA (for dental and vision only).

b. You are only eligible for HSA contributions during any month in which you meet all the above HSA eligibility conditions. **If you cease to meet any of these conditions, you must notify the Henrico County Benefits Office, in writing. Additionally, both the employer and your own HSA contributions are subject to certain aggregate limits set by federal tax law.** *Note: Being eligible to contribute to the HSA is determined by the status of the HSA account holder not the dependents of the account holder.*

3. What's the difference between an HSA and an FSA?

a. An Health Savings Account (HSA) and a Flexible Spending Account (FSA) are both used to save money for healthcare expenses, but they work differently:

i. **HSA**: You own the account, and the money rolls over year to year. It also earns interest and can be invested.

ii. **FSA**: The employer owns the account, and any unused money at the end of the year may be lost (some plans offer a grace period or a small rollover, but it's limited).

You cannot have both an HSA and a Health Care FSA. If you have unused funds from a previous Health Care FSA and you enroll in the HDHP plan for the upcoming year, you will forfeit any remaining balance, including any carryover funds, in order to qualify for HSA enrollment.

4. How is my HSA funded?

a. Your HSA is funded through contributions from Henrico County and funds you may choose to contribute on a pre-tax basis through payroll deductions up to a certain annual limit. **The total of all contributions cannot exceed the maximums defined by the U.S. Treasury and the Internal Revenue Service (IRS).** ***For details, see the question below: "How much can I contribute to my HSA?"***

5. How do I make contributions to my HSA?

a. You can set up pre-tax payroll deductions by logging in to your Employee Direct Access account at any time during the year. Changes become effective with the next pay period.

   i. ***When logged in to Employee Direct Access, select "My Benefits" – Next – select "Henrico Savings Account" under Program Name – Next, then follow the prompts on the screen.***

6. How much can I contribute to my HSA?

a. The IRS sets annual contribution limits for HSAs:

   i. **For 2026**, the contribution limit is $4,400 for individual coverage and $8,750 for family coverage.

   ii. **Catch-up contributions**: If you're 55 or older, you can contribute an additional $1,000 per year.

7. What if my spouse has an HSA?

a. If your spouse also has an HSA, you can both contribute to your separate accounts, as long as you meet the eligibility requirements. If you're both covered under the same HDHP, you can share the family contribution limit. For example, together you can contribute combined total of up to $8,750 (plus any catch-up contributions, if applicable). Please note the IRS contribution limit includes the amount Henrico County contributes.

8. Can I contribute more than the IRS limit?

a. No, you cannot contribute more than the IRS set limits for the year. If you do, you may face penalties and taxes on excess contributions. Be sure to keep track of your contributions to avoid exceeding the limit.

9. Does my HSA rollover each year?

a. Yes! Unlike an FSA, any unused money in your HSA will roll over to the next year. This means you can keep your funds in the account for future medical expenses. The longer you contribute, the more money you can accumulate to cover medical costs.

10. How does a High-Deductible Health Plan (HDHP) work with an HSA?

a. An HDHP is a health insurance plan with a higher deductible than traditional plans but lower premiums. To qualify for an HSA, you must have an HDHP. The higher deductible means you'll pay more out-of-pocket costs before insurance kicks in, but an HSA helps you cover those costs. The idea is that the tax savings from the HSA make up for the higher deductible.

11. How do I use my HSA funds?

a. You can use your HSA to pay for a wide range of qualified medical expenses, including:

   i. Doctor's visits

   ii. Prescription medications

   iii. Dental and vision care

   iv. Some over-the-counter medications

   v. Certain medical equipment (like crutches or a blood pressure cuff)

b. You can pay directly from your HSA, use an HSA debit card, or reimburse yourself for expenses you paid out-of-pocket.

12. Where can I get more information on the HSA regulations?

a. You can visit the U.S. Treasure website at https://home.treasury.gov/ and type "HSA" in the search bar.

13. Can other family members use my debit card?

a. Yes. Anyone who is an eligible participant on your account can use your debit card provided the person is listed as a signatory on the account. You can also request additional debit cards for eligible family members.

14. How do I add, replace or delete people who are eligible to use my account?

a. Your name, as the account holder, will be the only name on the HSA account. To add or delete a person from your account, contact Health Equity at 866-346-5800.

15. Do I have to use funds from my HSA to pay for medical expenses and prescriptions?

a. No. You may pay out of pocket with after-tax dollars and let your HSA balance grow tax-free.

Additional Resources

- HealthEquity.com/Learn/HSA
- HealthEquity.com/hsanswers
- HealthEquity.com/library