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For Your Benefit: High Deductible Health Plan and HSA

What is a high deductible health plan and a health savings account?

One of the health plan options offered by UVA is a high deductible health plan; on a high deductible Health Plan you pay more out of pocket when you need medical care before the insurance kicks in.

The tradeoff is that the premium you pay is lower, so you save money there. Here's where the health savings account (or HSA for short comes) into play; the IRS lets employees who are on a high deductible health plan save money pre-tax in an HSA which is like a savings account for medical expenses you can save money on your HSA and your employer can provide funds.

At UVA we provide \$1,000 per year to employees who are covering just themselves and \$1,500 per year to employees who are covering dependents too.

If you are a new employee in just enrolling, you receive a pro-rated amount based on when you submit your benefit election. The HSA money UVA provides can help you with your deductible, you can also make additional contributions on your own.

One of the best features of an HSA is that the funds in your account roll over from year to year there is no limit on the amount you can accumulate in your HSA. Even better, you can keep the money you've accumulated in your HSA if you leave employment many employees like to save additional funds in their HSA so they know they have money available to meet their deductible and pay expenses should they need. It it's kind of like paying yourself rather than paying more money and premium to have a lower deductible.

An HSA is also another opportunity to save for retirement people tend to underestimate how much they'll end up spending on Healthcare cost when they stop working.

Your contributions to your HSA accumulate tax-free, if you choose to invest some of your HSA funds those earnings grow tax-free too, and when you use your HSA to pay for eligible expenses you're paying for them tax-free.

With a high deductible health plan and an HSA you have an opportunity to save money and take more control over your healthcare expenses.

If you have additional questions, please feel free to email us at askhr@virginia.edu