

# KNOW YOUR BENEFITS.

From



## Recordkeeping and Your HSA

Those with a health savings account (HSA), and corresponding high deductible health plan (HDHP), are ultimately responsible for proving how the account is used because it is individually owned. If you have an HSA, you must keep proper records for your expenses to avoid tax headaches later on.

### **Documentation Is Key**

An HSA can be used for a wide range of health care services within the limits established by law. Be sure you understand what medical expenses are HSA qualified, and be able to produce receipts for those items or services that you purchase with your HSA. You may face a 20 percent penalty on any distribution that you cannot prove was for a qualified medical expense.

### **Your HSA Statement**

Your HSA provider will send you a statement outlining your contributions, employer contributions made on your behalf, payments made to providers from your HSA, interest earned and any fees charged to your account. File these statements as you would any other bank statement, as they may be required in the event of an IRS audit.

### **Submitting Expenses**

After you visit an in-network provider, the provider should submit your claim to your

HDHP. If the provider is out-of-network, you may be responsible for submitting the claim on your own. Your HDHP will provide you with the proper forms for submitting claims, though your provider may also give you information on submitting claims. Always retain copies of your statements in the event you ever need to dispute a charge.

### **Tracking Expenses and Payments**

Here are a few reasons why you should consider tracking your expenses and payments:

- Though you may have a debit or credit card for your HSA, you may need to submit some claims on your own. In the event you forget to use your HSA or you don't have enough money in the account to pay for an expense, you will need to submit a claim for reimbursement at a later time. Consider keeping a file at home to track what you have already submitted, what has been paid, and what still needs to be paid.
- Though there is no time limit for submitting a claim, you must have the supporting documentation from the year that the expense was incurred in order to do so.
- Tracking your expenses will help you identify ways to cut costs.

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### **Maintaining Records**

To guard yourself against an IRS audit, keep records of all HSA documentation for as long as your income tax return is considered "open" (subject to an audit), or as long as you maintain the account, whichever is longer. Hold on to any insurer's explanation of benefits statement that documents your expenses for services covered under your HDHP. Also, keep receipts for all other items purchased with your HSA, for example, vision and dental services.

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