

## Using Your HSA

Using an HSA really isn't all that different than a traditional plan. Here's some practical advice about how to handle your account like a pro.

## Paying for Services with Your HSA

With an HSA-based plan, you'll still have an Insurance ID Card, and you'll need to make sure that you present this card anytime you go to the doctor or pharmacy. This will ensure that (1) you always get any network discounts available to you, (2) your medical provider will file a claim with the insurance company, and (3) the amount you pay will be applied to your deductible.

As far as using your HSA money, this depends on your HSA bank or HSA administrator. Most banks offer an HSA debit card, which works just like a regular debit card. Others allow you to write checks from your HSA account. Check with your HSA bank or administrator to learn how to access your HSA dollars.

## HSA Paperwork: How to Handle It.

The first thing you've got to do when using an HSA is get a little organized. Since an HSA is a tax benefit, you'll need to be able to prove that money you spend from your HSA is for eligible medical expenses, if you're ever audited (and we sincerely hope you aren't). Plus, keeping good records of your medical expenses can help you make sure you're always paying the right amount.

It's obvious, since you found us, that you're a savvy computer user. There are plenty of low-cost software solutions out there, like Quicken Medical Expense Manager, that can help you easily track your medical spending without picking up one of those old "pen" things.

We recommend setting up a single location—a shoebox, a file folder, a desk drawer, under your mattress, wherever—to keep all your receipts, medical bills, and EOBs (those "Explanation of Benefit" that your insurance company sends you. You know, the confusing letter you get after seeing the doctor that says "This Is Not A Bill" all over it. We think of them like bank statements for your insurance). Remember those over-the-counter receipts as well! Even if you don't use your HSA to pay for a medical expense, keep that receipt in your records—you'll see why in the "Reimbursing Yourself" section below.

## Use It? Or Save It?

Your HSA is your personal account, and you can choose how you want to use it. You can choose to use the funds as you need them for medical care, or simply leave them untouched and pay for medical expenses with other non-HSA funds.

Why would you do this? Good question! Well, because HSAs provide so many great tax-advantages, it may be in your best interest to just let your HSA money grow tax-free. Let's use an example: Julie has an HSA, and she's put \$1000 into her family's account. Her husband goes to the chiropractor for his back, and the bill comes up to about \$150. Julie could pay for this bill with her HSA, but she also just received a \$150 bonus on her last paycheck. So Julie decides to pay the chiropractor's bill with her \$150 bonus instead, and leave her HSA money untouched because she knows that over the tax-free earnings on her account will pay off more in the long run.

## Reimbursing Yourself

HSA rules say that you can reimburse yourself at any time for medical expenses you paid with non-HSA funds. So let's use the example of Julie again. Julie pays her husband's \$150 chiropractor bill with money from her regular checking account. A few months later, though, Julie runs into some car trouble and has to make a repair to the car. Unfortunately, the cost of the repair is just a bit outside of her budget. So Julie can actually take \$150 from her HSA in cash and call it a "reimbursement" for her \$150 chiropractor's bill, and she can use this money to pay for her car (or whatever she might need to pay for).

In order to do this, Julie has to have the receipt from the chiropractor's office that shows she paid the bill with her personal funds, and the amount of the cash taken from her HSA has to match the amount of the bill **exactly**.

This snazzy feature of an HSA can be really handy. As a matter of fact, there's not even a time limit on expenses that you can reimburse yourself for—Julie could wait **years** and still reimburse herself without penalty. See, we told you: a Health Savings Account is a great way to save for emergencies (and you thought we were just exaggerating)!