



## Recordkeeping and Your HSA

### *The importance of keeping track of expenses*

Those with a health savings Account (HSA) and corresponding high deductible health plan (HDHP) are ultimately responsible for proving how the account has been spent, as it is individually owned. If you have an HSA, you must understand how to properly keep 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 with limitations established by law. Make sure you understand what medically qualifying expenses are and be able to produce receipts for the items/services that you purchased or paid for with your HSA. If you do not have receipts, you may face a 20 percent penalty on the distributions that you cannot prove were for qualified medical expenses.

#### **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 earnings and fees charged to your account. File these statements as you would any other bank statements.

#### **Submitting Expenses**

After you visit the doctor, the provider should submit your claim to your HDHP, *if the provider is in your network*. 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, and your health care provider may also give you information on submitting claims. You should always retain copies of your statements in case you need to dispute a charge.

#### **Keeping Track of Expenses and Payments**

There are many reasons why you should consider keeping track of your expenses and payments, such as:

- Even if you have a debit or credit card for your HSA, you may have to submit some claims on your own because you forgot to use your HSA or because you did not have enough in the account to pay for claims. Consider organizing a file at home to keep track of what you have already submitted, what has been paid and what still needs to be paid.
- Though you can wait as long as you want to submit an expense to your HSA, you must have the proper documentation from the year that the claim was made in order to do so.
- Keeping track of expenses will help you identify ways to cut costs.

#### **Maintaining Records**

To be safe in the event of an IRS audit, keep HSA documentation records for at least as long as your income tax return is considered "open" (subject to an audit) and/or as long as you

maintain the account. Also hold on to your insurer's explanation of benefits (EOB) statements that document your expenses for services covered under your HDHP, and receipts for all other items purchased with your HSA (vision and dental services, for instance).

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