

Health Savings Accounts: Maximize and Stretch Your Dollars!

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Upfront...

- *There are a lot of slides. We may not review nor read word-for-word every slide during a live session.*
- *This session is about contributing, growing, and using your HSA money. Some financial advisors will offer strategies, such as waiting to use HSA funds for eligible expenses after retiring.*
- *This session does not offer financial advice. Any transfers, rollovers, investments, etc., should be made with care and professional financial advisement.*
- *References to carrier decisions, IRS, etc., are based on what is understood as of January 2024.*

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The 10 Tips

1. *Contribute as much as allowed.*
2. *Have your eligible dependents open their own HSA.*
3. *Consider investment opportunities.*
4. *Plan for retirement.*
5. *Keep track of qualified expenses.*
6. *Reconcile your transactions.*
7. *Always pay yourself back.*
8. *Take advantage of all tax advantaged account opportunities.*
9. *Shop around and use carrier/insurance company pricing tools.*
10. *Seek out opportunities to save on your drug costs.*

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Tip
1

Contribute as much as allowed.



Of open Health Savings Account



only 50%
of those with an HSA
contributed to it,



only 14%
of HSA owners contributed the
maximum statutory amount,



and only 5%
of HSA owners hold assets other than
cash, suggesting that few people take
advantage of the account's long-term
investing benefits.

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HealthEquity

Much like your 401(k) and other retirement focused investment accounts, there are many benefits to your HSA as a tax-advantaged vehicle for the future:

	HSA	403(b), 401(k), IRA	ROTH
Pre-tax money in	✓	✓	✗
Tax-free growth	✓	✓	✓
Spend tax-free before retirement	✓ On qualified medical expenses	✗	✓ On original deposits only
Spend tax-free after retirement	✓ On qualified medical expenses	✗	✓
Use after retirement for any expense ³	✓ Taxed as income	✓ Taxed as income	✓ Tax-free
No mandatory withdrawals	✓	✗	✗

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Spending Power

22% Tax Rate

	Health Savings Account	401k, 403b
Balance at age 60	\$55,000	\$500,000
Spending power	\$55,000	\$390,000
Spending power %	100%	78%
	(distributions for eligible expenses are not taxed)	(distributions of any kind are taxed)

Medicare Part B premium is reimbursable with HSA money.
If Part B premium never changed from 2024 cost, 20 years of Part B premium would total \$41,920.

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Grow your account



- **Contribute as much as allowed.**
 - but don't make excess contributions (to be continued)
- **If available, consider investing.**
 - Investing comes with risk.
 - Banks have varying minimum balances to invest.
 - Monies invested may not be readily available as “cash” to pay expenses.
 - Find out if there is a fee to move invested dollars back to HSA cash for qualified medical expenses.

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How Much Can I Deposit into my HSA?

You MUST include your employer's contribution towards the allowed amount.

The IRS determines the annual contribution limits for HSA. Regardless of plan year, the maximum is based on **calendar year** January 1st through December 31st

	2023 Annual Contribution Maximum	2024 Annual Contribution Maximum
Individual	\$3,850	\$4,150
Two-Person & Family	\$7,750	\$8,300

Individuals age 55 and older can make an additional “catch-up” contributions up to \$1,000 more per year

There are rules for fully funding your HSA! How long you are enrolled in the HDHP dictates your contribution amount without penalty.

See IRS Publication 969 for details

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Do not make Excess Contributions

- Excess contributions means you contributed beyond the maximum allowed or contributed for months that you were not enrolled in the HDHP.
- For example, if you know you are retiring July 1, 2024, and leaving the HDHP, you cannot contribute the full 2024 maximum allowed amount before July 1, 2024. There is a 6% penalty.
- The safest way to fund your HSA is based on the monthly allowance (take the annual maximum and divide by 12).
- It's easy to clean up excess contributions. Your HSA bank can help you return the excess contributions to your employer but do this before you file your annual taxes!

Pre Age 55			Age 55+		
	Individual Coverage	Two-Person or Family Coverage	Individual Coverage	Two-Person or Family Coverage	
Annual	\$4,150.00	\$8,300.00	\$5,150.00	\$9,300.00	
Monthly	\$345.83	\$691.67	\$429.17	\$775.00	

You MUST include your employer's contribution towards the allowed amount.

Number of Months Enrolled in the HDHP in 2024	You can contribute (which includes any contributions made by your employer)		You can contribute (which includes any contributions made by your employer)	
	Pre Age 55	Age 55+	Pre Age 55	Age 55+
12	\$4,150.00	\$8,300.00	\$5,150.00	\$9,300.00
11	\$3,804.17	\$7,608.33	\$4,720.83	\$8,525.00
10	\$3,458.33	\$6,916.67	\$4,291.67	\$7,750.00
9	\$3,112.50	\$6,225.00	\$3,862.50	\$6,975.00
8	\$2,766.67	\$5,533.33	\$3,433.33	\$6,200.00
7	\$2,420.83	\$4,841.67	\$3,004.17	\$5,425.00
6	\$2,075.00	\$4,150.00	\$2,575.00	\$4,650.00
5	\$1,729.17	\$3,458.33	\$2,145.83	\$3,875.00
4	\$1,383.33	\$2,766.67	\$1,716.67	\$3,100.00
3	\$1,037.50	\$2,075.00	\$1,287.50	\$2,325.00
2	\$691.67	\$1,383.33	\$858.33	\$1,550.00
1	\$345.83	\$691.67	\$429.17	\$775.00

"Last-month Rule"
See IRS Publication 969 for more information

However, You can contribute up to the full calendar year allowed even if you were not enrolled in the HDHP for the 12-months, BUT you must remain enrolled in the HDHP for all of the next calendar year.

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Tip 2

Have your eligible dependents open their own HSA.

- Spouses and some dependent children enrolled in (your) qualified HDHP can open and contribute to an HSA.
 - Qualified dependent children are at least age 18 and not claimed on your taxes.
- Married Couple:
 - The combined contributions to one or separate accounts (including employer contributions) cannot exceed the annual maximum of \$7,750 in 2023 and \$8,300 in 2024.
 - If both spouses are 55 or older and not enrolled in Medicare, **each spouse's contribution limit is increased by the additional contribution. Each spouse must make the additional contribution to his or her own HSA.**

https://www.irs.gov/publications/p969#en_US_2022_publink1000204046

You MUST include your employer's contribution towards the allowed amount.

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Married Couple scenarios, 2024

You MUST include your employer's contribution towards the allowed amount.

	Married Couple Both have an HSA		Married Couple One HSA	
	HSA Account owner is 55+	Spouse has own HSA and is 55+	HSA Account owner is 55+	Spouse is 55+, does <u>not</u> have own HSA
Contribution:	\$8,300	<i>Married couple elected to contribute to one HSA.</i>	\$8,300	N/A
Catch-up allowance, if eligible:	\$1,000	\$1,000	\$1,000	N/A
Total Contribution:	\$9,300	\$1,000	\$9,300	\$N/A
	Contribution allowance is \$10,300.		Contribution allowance is \$9,300.	
	Combined contribution cannot exceed family maximum.		Combined contribution cannot exceed family maximum.	
	Both have their own HSA, both can contribute the \$1,000 catch-up allowance.		Both are age 55, but only one has an HSA. Only an HSA owner can contribute the \$1,000 catch-up allowance.	

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Family Scenario, 2024

	Married Couple One HSA		Dependent Child 1	Dependent Child 2
	HSA Account owner is 55+	Spouse is 55+, does <u>not</u> have own HSA	At least 18 years old Not counted as dependent on your tax returns opened their own HSA	At least 18 years old Dependent 2 is counted as a dependent on your tax returns.
Contribution:	\$8,300	N/A	\$8,300	N/A
Catch-up allowance, if eligible:	\$1,000	N/A		
Total Contribution:	\$9,300	\$N/A	\$8,300	N/A
	Contribution allowance is \$9,300.		Contribution allowance is \$8,300.	Not eligible to create their own HSA.
	Combined contribution cannot exceed family maximum.		The dependent child is enrolled in a HDHP with a family deductible and is able to contribute up to the family maximum.	The dependent child is enrolled in a HDHP with a family deductible and is claimed as a dependent child on parent's taxes. This child is eligible to open a health savings account.
	Both are age 55, but only one has an HSA. Only an HSA owner can contribute the \$1,000 catch-up allowance.			

You MUST include your employer's contribution towards the allowed amount.

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Pre April 15th? There's still time...

PRIOR YEAR CONTRIBUTION (PYC)

You have until the tax filing deadline to make a prior-year Health Savings Account (HSA) deposit. And the more money you put into your HSA, the more you'll potentially get back in your tax refund.

If it's not clear from your online portal how to make a contribution towards last year's HSA maximum amount, make sure you contact your HSA administrator/bank to ask how to go about doing it!

You MUST include your employer's contribution towards the allowed amount.

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Tip
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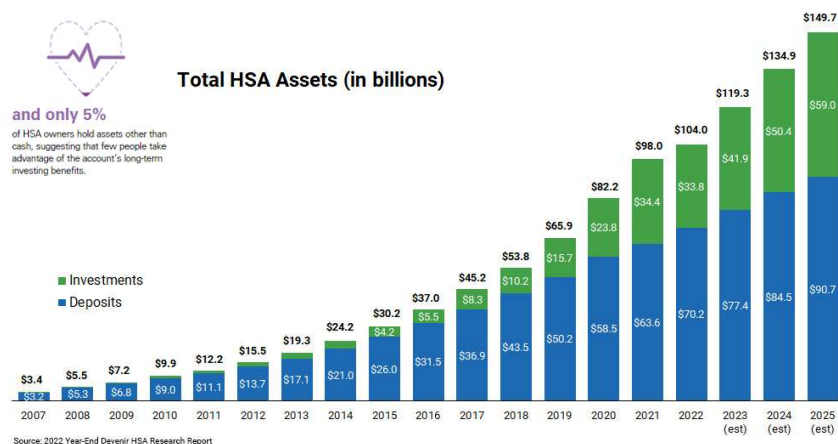
Consider investment opportunities.



and only 5%

of HSA owners hold assets other than cash, suggesting that few people take advantage of the account's long-term investing benefits.

Total HSA Assets (in billions)



Source: 2022 Year-End Devenir HSA Research Report

All investments assume risk. Speak to your financial advisor.

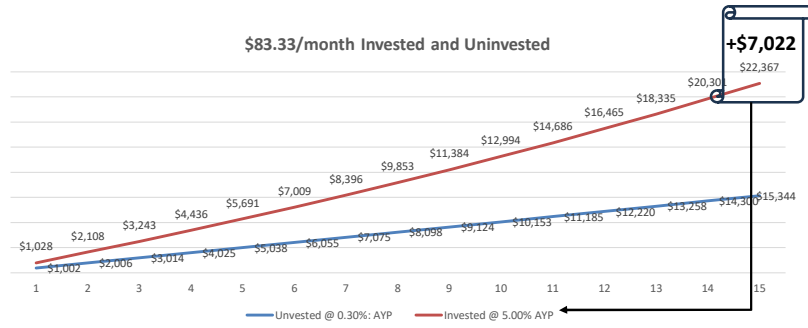
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Risk -Reward

Deposit and Leave it		Deposit and Leave it	
Initial Account Value	\$3,500.00	Invested Total	\$3,500.00
Rate of Return	0.30%	Rate of Return	7%
Years	15	Years	15
Monthly Investment	\$0.00	Monthly Investment	\$0.00
Future Vaue	\$3,661.08	Future Vaue	\$9,971.31
Earnings	\$161.08	Earnings	\$6,471.31
% Earnings	5%	% Earnings	185%



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No investment option?

- There are HSA banks that don't have investment options.
- If you still want to invest, open a low or no-fee HSA.
 - Will your employer contribute to it (routing and account numbers)?
 - Maintain two HSAs.
 - In the employer-based HSA, keep the BOE's funding and whatever you contribute based on your utilization.
 - Fund the investment HSA with the \$ you would like to keep and grow (unless there's an emergency).
 - Your combined contribution cannot exceed the maximum.

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Have an IRA? Talk to your financial advisor about a once-in-a-lifetime limit per taxpayer rollover to your HSA. (IRS Notice 208:51)

May 18, 2021, 07:30am EDT | 5,964 views

When To Use An IRA To Fund Your HSA



Bob Carlson Senior Contributor
Retirement
I research/write about all facets of retirement/retirement planning.

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Rolling Over Retirement Savings to a Health Savings Account

You can roll over an IRA into an HSA once in your lifetime. You may save on taxes, but the rules are tricky.

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Tip
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Plan for retirement.

Insurance Premium

From IRS Publication 969

You can't treat insurance premiums as qualified medical expenses unless the premiums are for any of the following.

1. Long-term care insurance.
2. **Health care continuation coverage** (such as coverage under COBRA).
3. Health care coverage while receiving unemployment compensation under federal or state law.
4. Medicare and **other health care coverage if you were 65 or older** (other than premiums for a Medicare supplemental policy, such as Medigap).

Number 2: The question with conflicting answers is: Is "such as" only COBRA, or any continuation coverage?

Is remaining on your BOE's insurance, if not COBRA, considered "health care continuation coverage," per # 2? **Unfortunately, I have found too many Yes and No answers and nothing definitive from the IRS.**

Number 4, "other health coverage if you were 65 or older," may be interpreted as "65 or older and retired." While working, your premium is paid through Section 125 as an untaxed benefit.

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1. Help bridge to Medicare

If you retire before enrolling in Medicare, you can use your HSA money for all eligible expenses. All of your copayments, deductible costs, and other eligible expenses are HSA reimbursement eligible. Premium for COBRA coverage is eligible.

- If you remain enrolled in a HDHP and do not have other health insurance coverage, including Medicare, you can still contribute to your Health Savings account.

2. Cover Medicare premiums

You can use your HSA to pay certain Medicare expenses, including premiums for Part B and Part D prescription-drug coverage, but not supplemental (Medigap) policy premiums. For retirees over age 65 who have employer-sponsored health coverage, an HSA can be used to pay your share of those costs as well.

- Note: Standard Part B 2024 premium is \$174.70 (\$2,096.40 annually), with a \$240 deductible.

3. CT TRB offers two plans:

- Medicare Advantage Plan
- Supplemental Plan

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Medicare Advantage Plan Premium

I am not pushing MA plans!
Choose a plan that's best for you. MA plans are being addressed here because premium can be paid via HSA funds.

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Shop Insurance Member resources

Home > UHC Health Matters: News & articles > Medicare articles > Health Savings Accounts and Medicare

Understand how Medicare will affect your HSA

Published by Medicare Made Clear®

The good news: You can keep using your HSA funds

Now for the good news! Even after you enroll in Medicare and stop HSA contributions, you are still able to withdraw funds tax-free for qualified medical expenses. You can even use your HSA to pay for some Medicare expenses including your Medicare Part B, Part D and Medicare Advantage plan premiums, deductibles, copays and coinsurance.

Note: HSA funds cannot be used to pay for Medigap premiums.

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Medicare Advantage Plan Premium



How Your HSA Can Reimburse You for Medicare Premiums Paid

Even if your Medicare premiums are automatically deducted from your Social Security check, you can take tax-free withdrawals from an HSA to reimburse yourself.

Question: You told another reader that people can't make new contributions to a health savings account once they enroll in Medicare, but they can withdraw the money tax-free from the account to pay Medicare premiums. If I have my Medicare payments deducted directly from my Social Security benefits, can I still withdraw money from my HSA for those expenses? And do I need to withdraw the money right away, or can I keep the money growing in the HSA and withdraw it for those premiums sometime in the future?

Answer: Even though you have your Medicare premiums paid directly out of your Social Security benefits, you can withdraw money tax-free from your HSA to reimburse yourself for those expenses. After you turn 65, you can use HSA money tax-free to pay premiums for Medicare parts B and D and Medicare Advantage plans (but not premiums for Medicare supplement policies), in addition to paying for other out-of-pocket medical expenses.

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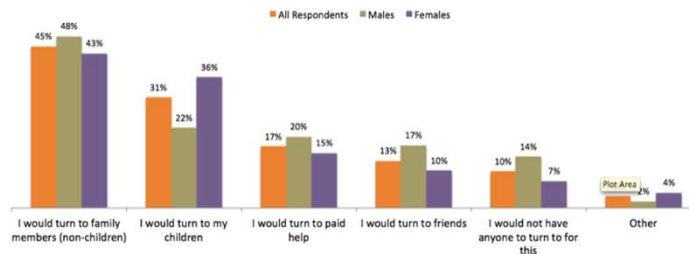
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Long Term Care Insurance

Where Respondents Would Turn To For Long Term Care Support, By Gender

"If you were incapacitated and unable to do simple errands or basic tasks like bathing or eating, who could you turn to for help with these things? Select all that apply."



ATTAINED AGE BEFORE END OF TAXABLE YEAR	2023 LIMIT
40 or younger	\$480
Ages 41 to 50	\$890
Ages 51 to 60	\$1,790
Ages 61 to 70	\$4,770
Age 71 and older	\$5,690

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Tip
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Keep track of qualified expenses.

You're High Deductible Health Plan

Anything covered by your High Deductible Health Plan is a qualified/eligible expense for HSA purposes.

These expenses go towards your deductible and maximum out of pocket.

Other Qualified/Eligible Expenses

Separate vision and dental coverage - most vision and dental work are eligible expenses.

Premium such as:
Long-term Care, COBRA and Medicare (not Medicare supplemental plans)

These expenses **DO NOT** count towards your deductible and maximum out of pocket.

Qualified/Eligible Expenses are outlined in Section 213(d) of the Internal Revenue Service Code (refer to IRS Publication 502 for examples)

Important update: Due to the passage of the CARES Act, the following items are eligible:

- Menstrual care/feminine hygiene products are now reimbursable.
- Over-the-counter drugs no longer require a prescription to be reimbursed.

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OURA

Experience

Membership

Community

News

Oura Ring Is Now FSA And HSA Eligible



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Menu **HSA store** User Icon Cart Icon

APOSTROPHE BETTERHELP OURA RING OPTICAL BYTE

Home > Medicine & Treatments > Drug-Free Pain Relief

Filter 151 Products Sort


New Arrival



★★★★★ 220 Reviews
Ease Migraine and Eye Reliever with Compression and Heat — Caring Mill™ by Aura
\$199.99


- 1 + **Add To Cart**

New Arrival




★★★★★ 13 Reviews
Palm Hand Therapy Device — Caring Mill™ by Aura
\$179.99

- 1 + **Add To Cart**



★★★★★ 58 Reviews
Wave Full Body Circulation Plate — Caring Mill™ by Aura
\$299.99

- 1 + **Add To Cart**



★★★★★ 1137 Reviews
Revive Heated Massage Gun — Caring Mill™ by Aura
\$199.99

- 1 + **Add To Cart**

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Tip 6 Reconcile your transactions.

Why am I still paying bills?

Their health insurance portal	Their HSA portal
Dr. A .. \$120	Dr. A .. \$120
Dr. B .. \$220	Dr. B .. \$220
Dr. C..\$150	Dr. C..\$150
(applied to deductible = \$490)	Dr. D..\$320
	(HSA funds used = \$810)

This member's dependent paid the in-network provider at time of service (\$320). The provider never submitted claims to carrier. Over 1.5 years, \$5,760 was paid through HSA but not processed through insurance.

When possible, do not pay upfront for in-network services. Out-of-Network providers can demand payment upfront.

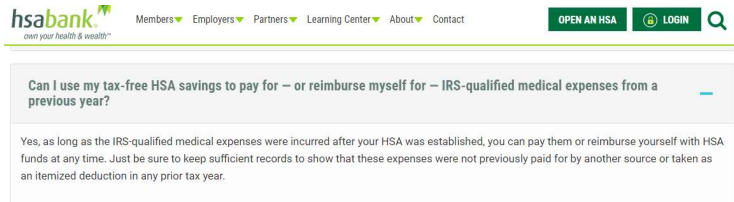
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Tip
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It's never too late, always pay yourself back!

- If your eligible expense occurred while your HSA was active/open and you didn't/don't use your HSA to pay for eligible expenses, keep those receipts, and pay yourself back!



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OPEN AN HSA LOGIN Q

Can I use my tax-free HSA savings to pay for – or reimburse myself for – IRS-qualified medical expenses from a previous year?

Yes, as long as the IRS-qualified medical expenses were incurred after your HSA was established, you can pay them or reimburse yourself with HSA funds at any time. Just be sure to keep sufficient records to show that these expenses were not previously paid for by another source or taken as an itemized deduction in any prior tax year.

HealthEquity

SAVE NOW, CASH IN LATER

Watch your HSA balance grow

By delaying reimbursement for qualified medical expenses that you pay out-of-pocket, you can save toward a future financial goal. With an HSA, there is no time limit to reimburse yourself for qualified medical expenses that you pay out-of-pocket, which means you can accumulate the reimbursable amount until you reach a determined goal while building tax-free earnings.

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Tip
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Take advantage of all tax advantaged account opportunities.

- If you are the HSA account owner and have access (your employer, or spouse's employer) to a **Limited Purpose** Flexible Spending Account (**FSA**) you can set aside an additional \$3,050 (2024) for eligible expenses.
 - You can keep \$ in my HSA, further reduce my taxable income, and pay for services with untaxed money.
 - **Limited Purpose FSA**: eligible expenses are limited to qualifying dental and vision (or other non-medical and prescription drug) expenses for you, your spouse, and your eligible dependent.
 - For example, planned dental work, annual glasses replacement, planned Lasik surgery, over the counter drugs, feminine hygiene products.

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Tip
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Shop around and use carrier/insurance company pricing tools.

- Every carrier has a mobile or online account that allows you to search for providers, specific procedures, and compare medical and prescription drug costs.
- The more you find the least expensive option **pre and post deductible**, the less you pay, and the plan eventually may pay. Everyone wins.

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Trend | Pricing

Identifying the Gap Between Hospital and Free-Standing Prices

Feb 19, 2017

By Jamie Cleverley

Hospital Prices as a Percentage of Free-Standing Imaging Prices	
National average hospital charges for imaging services outpace those charged by free-standing providers.	
Standard imaging – nuclear medicine	308%
Standard imaging – breast/chest	202%
Standard imaging – musculoskeletal	298%
Standard imaging – other	185%
Advanced imaging – CT/CTA scan brain/head/neck	249%
Advanced imaging – CT/CTA scan other	235%
Advanced imaging – MRI/MRA brain/head/neck	180%
Advanced imaging – MRI/MRA other	170%
Echography/ultrasonography – cardiac/carotid arteries	292%
Echography/ultrasonography – other	256%

Note: A value of 100 percent signifies that the prices are equivalent, while a value of 200 percent would imply that the average hospital price is twice as high.

Key:
 CT = Computed tomography
 CTA = Computed tomography angiography
 MRA = Magnetic resonance angiogram
 MRI = Magnetic resonance imaging

Source: Cleverley + Associates, Worthington, Ohio. Used with permission.

Hospital Prices as a Percentage of Free-Standing Lab Prices	
National average hospital charges for lab services outpace those charged by free-standing providers.	
Lab tests - chemistry	177%
Lab tests - drug testing	153%
Lab tests - hematology and coagulation	257%
Lab tests - immunology	122%
Lab tests - microbiology	194%
Lab tests - organ or disease-oriented panels	298%
Lab tests - pathology	112%
Lab tests - reproductive medicine procedures	136%
Lab tests - routine venipuncture	151%
Lab tests - therapeutic drug assays	201%
Lab tests - transfusion medicine	385%
Lab tests - urinalysis	222%
Lab tests - other procedures	136%

Note: A value of 100 percent signifies that the prices are equivalent, while a value of 200 percent would imply that the average hospital price is twice as high.

Source: Cleverley + Associates, Worthington, Ohio. Used with permission.

Example, A CT scan in a hospital could cost you +235% more than a free-standing facility.

Lab work in a hospital setting could be double what a free-standing facility charges.

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Shop Around for Lower Drug Prices

CR's secret shoppers did—and the price differences were remarkable

RETAILER	PRICE					TOTAL PRICE
	Pioglitazone (Actos)	Celecoxib (Celebrex)	Duloxetine (Cymbalta)	Atorvastatin (Lipitor)	Clopidogrel (Plavix)	
HealthWarehouse.com	\$12	\$22	\$13	\$10	\$10	\$66
Costco [1]	\$16	\$26	\$35	\$13	\$16	\$105
Independents [2]	\$19 (\$10-\$493)	\$34 (\$11-\$295)	\$31 (\$20-\$267)	\$15 (\$8-\$197)	\$15 (\$8-\$260)	\$107 (\$69-\$1,351)
Sam's Club [1]	\$20	\$38	\$31	\$20	\$45	\$153
Walmart	\$132	\$203	\$123	\$30	\$30	\$518
Kmart	\$160	\$185	\$120	\$35	\$35	\$535
Grocery Stores [3]	\$113 (\$10-\$349)	\$189 (\$46-\$250)	\$170 (\$13-\$223)	\$32 (\$11-\$71)	\$36 (\$7-\$224)	\$565 (\$88-\$1,117)
Walgreens	\$167	\$204	\$251	\$65	\$65	\$752
Rite Aid	\$255	\$194	\$170	\$128	\$119	\$866
CVS/Target	\$270	\$187	\$195	\$135	\$141	\$928

[1] Nonmember prices.

[2] Prices in parentheses are the ranges across sampled stores. Total price reflects the averages of the combined prices

[3] Prices in parentheses are the ranges of the averages across sampled stores, including Albertsons, Food Lion, Giant

<https://www.consumerreports.org/drug-prices/shop-around-for-better-drug-prices/>

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The screenshot shows the Cigna patient portal interface. At the top, there are navigation links for Home, Find Care & Costs, Claims, Coverage, Spending Accounts, Prescriptions, and Wellness. Below this, there's a search bar with the text "Find Care & Costs for Guest in Boston, MA". The search results show "ACL Reconstruction (CPT 29888)" with a search button. Below the search results, there are three provider profiles:

- Gary S. Perlmutter, MD**: 1 Hospital in Boston, MA 02114. Specialties: Orthopedic Surgery. Hospital: Massachusetts General Hospital. Years in Practice: 37. Cigna Care Designation: Tier 1 Provider. Cost Efficiency Rating: 4 stars. Quality Ratings: see all.
- Zabrina M. Shabin, MD**: 55 Frink St Boston, MA 02114. Specialties (2): Orthopedic Surgery, Pediatrics. Hospital: Tufts Medical Center Inc. Years in Practice: 10. Cigna Care Designation: Tier 1 Provider. Cost Efficiency Rating: 4 stars. Quality Ratings: see all.
- Scott P. Ryan, MD**: 0.0 mi.

On the right side, there's a "Cost Breakdown" section:

- Total Cost Before Coverage: \$3,580.94
- Plan Pays: \$0.00
- Your Out-of-Pocket Cost: \$3,580.94

Below the cost breakdown, there's a "Know Before You Go" section with "Limitations" (No limits for this service) and "Authorizations" (Required prior to service, Required during service). A "Heads Up!" note states: "Cost doesn't include facility, anesthesiologist, or other fees. Search for those providers to get a complete picture of your costs."

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Tip
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Seek out opportunities to save on your drug costs.

Manufacturer Patient Assistance Programs.

- Many manufacturers do offer some medications for free or at a reduced cost, primarily to people without prescription drug or health insurance coverage and who, **without assistance**, cannot afford their medicine or vaccines.
- When a patient is insured, PAPs work in conjunction with health insurance and require a prescription from a doctor.
- Carriers have introduced **"accumulator rules"** that restrict manufacturer relief/payments towards your drug costs from applying to your deductible and plan out of pocket. These programs are negotiated.
 - For example, drug costs \$500. Manufacturer will pay \$475, you pay \$25. If plan has accumulation rules, only your \$25 is applied to your deductible.

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Tip
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Seek out opportunities to save on your drug costs.

Rx. Smart Strategies for Savings

(Consumer Reports, updated March 8, 2017)

1. Try Costco. For all five drugs we priced, the big pharmacy chains consistently charged the most. And if you aren't going to use insurance, we found Costco consistently offered among the lowest retail prices. You don't need to be a member to use its pharmacy, though joining can net you more discounts.

2. Support independents. Though you might think that mom and pop stores usually charge higher prices, we found that wasn't always the case. In fact, we found some real bargains at local independent pharmacies, as well as some higher prices. We also found wide fluctuations at supermarkets, another place you might not expect to save. Another advantage of independent drugstores: We often had luck asking for a lower price, where pharmacists might have more flexibility to match or beat competitor's prices.

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Rx. Smart Strategies for Savings (cont'd)

3. Don't always use your health insurance. Many chain and big-box stores offer hundreds of common generics at prices as low as \$4 for a 30-day supply and \$10 for a 90-day supply for people who pay out of pocket. Sam's Club (**not union friendly**) even fills some prescriptions free for members. Check the fine print: There may be a small fee to sign up, and not all discount programs are open to people with Medicare, Medicaid, or Tricare insurance. **And keep in mind that when you bypass your insurance, money spent on your medication won't count toward your deductible or out-of-pocket maximums. (However, still submit those expenses for reimbursement.)**

4. Always ask "Is this your lowest price?" Victor Curtis of Costco told us that its contracts for Medicare Part D plans prohibit pharmacists from offering a better cash price to a customer unless a customer asks. And Rite Aid told us that their pharmacists process prescriptions through insurance unless customers tell them to do otherwise. Usually, we found that asking can prompt the person on the phone to dig a bit for any available discount programs, cards, and coupons. Check back often, because prices and offers may change. And never assume that one pharmacy's "discounted" price is lower than another's regular price.

5. Seek a 90-day prescription. For drugs you take long term, it can be more convenient and even cheaper. For example, if you use insurance, you'll pay one co-pay rather than three. And for discount generic drug programs, paying \$10 for a 90-day supply works out to less than \$4 every 30 days.

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Rx. Smart Strategies for Savings (cont'd)

7. Talk to your doctor about costs. Speak up. Your doctor probably won't broach the topic of price. In a recent Consumer Reports poll, we found just one in four people talked to their doctors about cost. Let your doctor know if the cost of your treatment is important to you.

8. Ask for generics. They can cost up to 90 percent less than brand-name drugs. If your insurance drops or reduces coverage of a drug, your doctor can also help by appealing to your insurance company for an exception. And as we explain in our [report on generics](#), you will be getting the same medicine—the same active ingredients—at a fraction of the cost.

9. Compare insurance plans if applicable (i.e., a spouse's plan or former through former employer).

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Coupons....

Don't get hooked on prescription-drug coupons They aren't always the bargain they seem to be

Published: March 2012

Consumer Reports

Unfortunately, they're often not the best, first choice for many conditions. For example, according to a recent analysis by Consumer Reports Best Buy Drugs, although Actos is used to treat type 2 diabetes, three other low-cost generic medications actually work as well as or better than Actos: metformin, glimepiride, and glipizide, alone or in combination. A month's supply of each of them is less than \$30, and they can be found on the discount generic drug lists of many chain pharmacies for as little as \$4.

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Drug Coupon Tips....

1. Sometimes Brand Name Is Cheaper Than Generic

If your copay for generic medication is \$10, but a coupon brings your copay for a similar brand name drug down to \$4, you'll save money by going with the brand name. This is the major attraction of drug coupons for patients.

2. Don't Get Steered Into Suboptimal Treatment

It's hard to see how saving money could be bad for your health. But health care decisions should be made between patient and doctor, without intrusion from marketing. Why? Consider this: Doctors often have the choice of multiple drugs to treat any given ailment. Maybe Drug A, a tried and true generic, is the best choice for you, but you ask your doctor for Drug B because you have a coupon that would cover most of your copay. The doctor accommodates you, so you save money — but your treatment has suffered. This is not a hypothetical situation; a Consumer Reports analysis found more than one generic that works as well as or better than a name brand.

3. Coupons Could Cost You More in the Long Run

Like a cable TV teaser rate, the coupon program won't last forever. Once you've established treatment for a chronic condition with the brand name drug, and the coupon ends, you may spend years paying the higher post-coupon price.

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If you don't use insurance to pay for prescriptions...

- Contact your insurer and ask how they handle such claims.
- If plan will process claim, keep your receipts, get claim submission forms from your carrier, complete the forms, and submit for accumulation towards deductible or, if applicable, reimbursement post-deductible.
- Most carriers allow manufacture payments to count towards your deductible and maximum out-of-pocket.
- Fully insured have to apply the manufacturer's payment/assistance, self-insured depends on how employer sets up plan.
 - Anthem, Cigna, Connecticare allow for submission of such claims. UHC does not.

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Record Keeping for IRS

Recordkeeping. You must keep records sufficient to show that:

•**The expense was incurred when you had an open Health Savings Account.**

- The distributions were exclusively to pay or reimburse qualified medical expenses,
- The qualified medical expenses hadn't been previously paid or reimbursed from another source, and
- The medical expenses hadn't been taken as an itemized deduction in any year.

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The 10 Tips

1. *Contribute as much as allowed.*
2. *Have your eligible dependents open their own HSA.*
3. *Consider investment opportunities.*
4. *Plan for retirement.*
5. *Keep track of qualified expenses.*
6. *Reconcile your transactions.*
7. *Always pay yourself back.*
8. *Take advantage of all tax advantaged account opportunities.*
9. *Shop around and use carrier/insurance company pricing tools.*
10. *Seek out opportunities to save on your drug costs.*

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Questions...

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