

MSAs Made Easy

MSAs, under the pilot project authorized by the Health Insurance Portability and Accountability Act of 1996, are tax-exempt personal savings accounts to be used for qualified medical expenses. They are available to self-employed persons and to businesses with 50 or fewer employees.

MSA Options: To be eligible for an MSA, an individual must maintain a high deductible health plan. There are two health plan options-individual and family. The allowable contribution to the MSA depends on the size of the health plan deductible chosen, as shown in the following table. The high deductible health plan must also limit total out-of-pocket (OOP) spending.

	INDIVIDUAL	FAMILY
Health Plan Deductible	\$1,550 - \$2,350	\$3,050 - \$5,600
Maximum MSA Contribution	65% of deductible	75% of deductible
Maximum annual OOP spending	\$3,050	\$5,600

Allowable Medical Expenses:

MSA balances can be used to pay for medical care allowed under Section 213 of the tax code. For this purpose, the term medical care means amounts paid "for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body." It also includes "transportation primarily for and essential to medical care," and premiums for Medicare Part B, long term care insurance, and certain other premiums related to COBRA continuation coverage or paid while individuals receive unemployment compensation

Establishing an MSA:

An MSA must be established with a trustee. Any person, insurance company, bank or financial institution already approved by IRS to be a trustee or custodian of an IRA is approved automatically as an MSA trustee. Others have applied and been approved under IRS procedures for MSAs. Contributions to an MSA must be made in cash either by an individual or employer.

Administering MSAs:

MSA trustees are not required to determine whether distributions are used for medical care. Individual MSA holders, rather than MSA trustees, have the responsibility for determining qualified medical expenses and maintaining records of account distributions for qualified purposes.

Availability:

A partial list of MSA vendors is attached. Other vendors can be identified by contacting an independent insurance agent in your area..

Medical Savings Account Internet Sites

<http://www.drmsa.com/>

<http://www.cahi.org/>

<http://www.naabc.com/>

<http://www.medicalsavingaccount.com/>

<http://www.msaver.com/>

<http://www.mellon.com/personal/msa/>

<http://www.insure.com/health/msa.html>

<http://www.starcom2.com/msa/>

<http://www.americanhealthvalue.com/>

http://www.org/MSA_Desc.htm

<http://www.lipman.com/insurance/msa.htm>

<http://www.medicalsavings.com/>

<http://www.goldenrule.com/>