



2011 HSA Rule Changes

Did you know?

The enactment of the "Patient Protection and Affordable Care Act" ("PPACA") on March 23, 2010, will have little impact on Health Savings Accounts (HSAs), but here are two changes to be aware of:

Reimbursement for Over-the-Counter Drugs and Medicines

The definition of qualified medical expense for HSAs was amended to exclude over-the-counter drugs unless the drug is a prescribed drug or is insulin.

This change applies to distributions made from HSAs beginning January 1, 2011.

(New IRC §§ 223(d)(2)(A) [PPACA § 9003]

Additional Tax on HSA Distributions Not Used for Medical Purposes

Beginning January 1, 2011, the additional tax on disbursements from HSAs that are not used for qualified medical expenses will be increased from 10 percent to 20 percent of the disbursed amount.

(New IRC §§ 223(f)(4)(A) [PPACA § 9004]