

# The Complete HSA Guidebook



How to Make Health Savings Accounts  
Work for You

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*"There is nothing more powerful than an idea whose time has come."*

*-Victor Hugo*

Can private US health care be saved? Or, is it doomed to become another inefficient, poor-service, government program as exploding costs carry the industry to the brink? In co-founding HealthEquity, I bring personal and familial experience to offering solutions to troubled industries. In my early twenties, I worked as the General Manager for the Morris Air hub in Salt Lake City. Morris Air was later acquired by Southwest Airlines. At Morris, in a cut-throat industry, I lived the marriage of efficiency (lowest cost airline at the time), technology (first US airline to implement electronic ticketing at my SLC hub) and excellent customer service. My older brother and former Morris Air President, David Neeleman, subsequently founded and is the current CEO of JetBlue Airways—widely considered the most efficient and best-service US airline.

After Southwest Airlines acquired Morris Air, I returned to my boyhood ambition to become a physician. I ultimately completed a surgical residency at the University of Arizona where I am currently working part-time as Assistant Professor of General and Trauma Surgery. My weekly surgery clinic, trauma call, and operating room duties plus the time I spend with my patients, colleagues, residents, and medical students continually convinces me of the need to revolutionize the way that all of us think about medical care. I call this an "empowered patient revolution!"

## Foreword

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Throughout my medical career, I have been troubled by the dissatisfaction shared by employers, consumers, physicians, nurses, hospitals, and health plans with the US healthcare system. Why does this exist in spite of the fact that the United States has the highest per-capita health care spending in the world? Businesses and individuals pay thousands of dollars each year for insurance. Providers and hospitals continually inflate prices while insurance companies and health plans demand steep discounts. The bottom line is that the richest country in the world has an uninsured population of over 45 million, which leads to rampant cost shifting to those with coverage. The US health care system is in a death-spiral. In creating HealthEquity, our vision is to repair the fractured relationship between the patient and the medical provider and to help more people obtain health insurance by re-introducing consumerism into health care.

Health Savings Accounts (HSAs) provide the tax-advantaged vehicle to begin the empowered patient revolution. HSAs have become the hot topic in health care since they became law on December 8, 2003. The creation of these permanent accounts was hailed by many, including the Wall Street Journal, to be the most important piece of legislation to be passed in 2003. HSAs are widely considered to be the most tax-favored employment related benefit given to the American people. HSAs have stronger tax advantages than the widely accepted 401(k)s or IRAs in that not only can tax-payers enjoy tax-free savings and tax-free investments with these accounts, but they can be spent tax-free on a wide variety of medical and dental related expenses, including many goods and services that are not typically covered by health plans.

Unfortunately, most Americans consider anything written by lawyers and "clarified" by the IRS to be painfully complicated to read and understand. We decided to write a book that could help unwind the mysteries surrounding these new accounts and hopefully answer more questions than it raises. We partnered with Sophie M. Korczyk, Ph.D. and Hazel A. Witte, J.D., authors of *The Complete Idiot's Guide to Managed Health Care* (Macmillan Distribution; January, 1998), to write a guidebook that achieved the following goals:

- 1) We wanted the book to be easy to understand—our chosen audience is anyone who would consider having an HSA for themselves or their business.
- 2) We wanted a book that provides a complete synopsis of all of the available IRS regulations surrounding the HSA law.
- 3) We wanted a book that was updatable and expandable, as we expect further guidance from the Department of the Treasury and well as other information about HSAs that will be useful to our readers.

To continually accomplish our third goal, we have published this edition with a binding system that will allow updates and revision. We will provide our readers with an update subscription service and website: [www.hsaguidebook.com](http://www.hsaguidebook.com) to keep their books current. We invite our readers to use this book to help understand and implement HSAs for their personal and business health care needs.

I would like to thank Sophie and Hazel for researching and writing the bulk of the text for this book. I would

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I would like to thank my partners, David Hall and Nuno Battaglia and their wives, Nicole and Carena, for their willingness to leave their occupations and sell their homes to follow my dream of reforming health care. I would like to thank all of the employees of HealthEquity, past and present for their contributions and excellent service they provide for our customers. Last, I would like to thank my wife Christine and my five children who have never wavered in their support for me.

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Tucson, Arizona  
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