

Ohio Medical Savings Accounts (MSAs)



Consumers 1-800-686-1526 • Medicare 1-800-686-1578 • Fraud & Enforcement 1-800-686-1527

I've heard about "Medical Savings Accounts." What are they?

A Medical Savings Account (MSA) is money deposited into a fund to help you pay medical expenses your insurance plan does not pay. Ohio's MSA Act became effective October 1, 1996.

Must I have a Medical Saving Account?

No. However, an MSA may be suitable depending on your specific needs.

What factors should I consider in deciding?

Depending on your situation you may find some advantages and disadvantages. Here are some things to consider:

- You must have some type of insurance coverage in place to have an MSA.
- Owning an MSA may allow you to lower your insurance premiums by increasing your deductible amount.
- You may gain a tax advantage by lowering your taxable income.
- It allows you to set aside dollars to cover expenses that may not be covered under your current plan.
- An MSA may be opened for each member of your family.
- Earnings on the money used for eligible medical expenses can even further reduce your taxable income.
- You may use money from your MSA to pay the first year premium and deductible for your adult child's health coverage.
- There is an annual limit on the tax break.
- There may be federal tax issues to consider, so consult with your tax accountant.

Where can I set up an MSA?

There is no central registry for those offering MSAs, so you'll have to check around. Only the following types of organizations are permitted to administer MSAs: banks, savings & loans, credit unions, trust companies, third party administrators, certified public accountants, insurance companies, securities dealers, employers, and HMOs.

Can I withdraw money from the MSA for something that's not medical?

Yes. However, you lose your tax advantage on the portion withdrawn and the interest it earned. Further, you can not withdraw the funds for something nonmedical within the same year you make your deposit.

How will I know how much is in my account?

Your account administrator must send you an account statement at least annually. However, if you want a statement sooner, you must request one in writing and the administrator must promptly send it to you.

Continued on page 2 ➔

How will my insurance company know when I've met my deductible?

The administrator must keep a record of your account activity and provide it to your insurance company.

Can my employer open an MSA without my permission?

Yes, and the employer must notify you in writing of the tax ramifications.

How quickly will my doctor be paid if I have an MSA?

Within 30 days of the administrator's receipt of your medical expense.

What happens to my MSA if I lose my job?

You must keep health coverage or your MSA will terminate. Within 60 days of your last day of work, you may request in writing that the administrator continue to manage the account. You may also choose to transfer the funds into another MSA. If you fail to do either, after the 61st day of your last day of work the administrator will close the account and send you the funds.

How would the administrator know I've terminated employment?

Your employer is required to inform the administrator of your final date of employment.

Can I have more than one MSA?

Yes, but the maximum tax advantage is still limited.

Can I open an MSA for my child?

Yes. The tax advantage is for the child's taxable income.

When I die, can my beneficiary get the funds in the account?

The funds will be distributed to your estate and subject to tax.

How can I get a copy of the law?

Call the Legislative Bill Room at the Ohio Statehouse (614-466-9745) and ask for a copy of the 121st General Assembly's House Bill 179.

Who should I contact if I have a problem with my MSA?

The law gives the Department of Insurance no regulatory authority. If you can't resolve your problem through the administrator, you may need to see an attorney.

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Questions? Call 1-800-686-1526