

## Summary of Medical Savings Accounts

OMB No. 1545-1508

▶ For Paperwork Reduction Act Notice, see back of form.

Trustee's name	Employer identification number
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Number, street, and room/suite no.

City, state, and ZIP code	Telephone number (      )
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a This report is for the period January 1 through:     June 30, 1998     June 30, 1999

b Total number of medical savings accounts (see instructions) . . . ▶	c Total number of previously uninsured account holders (see instructions). . . ▶	d Total number of excludable account holders (see instructions) . . . ▶
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	Name of Account Holder (Last name, first name, and middle initial)	Social Security Number	Check if Previously Uninsured	Check if Excludable
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				

# General Instructions

## Items To Note

Do not count in box **b** any medical savings account (MSA) established by a rollover from another MSA.

Do not count in box **b** any MSA established from January 1 through April 15 of the current year for the prior year. For example, if an account holder opens an MSA on January 23, 1998, for 1997, do not count that MSA in the total in box **b**.

## Purpose of Form

Use this form to report the total number of MSAs you established, the total number of previously uninsured account holders, the total number of excludable account holders, and the names and social security numbers of account holders. The report will be used to furnish information about MSAs to Congress and to determine when the maximum number of MSAs allowed by law (750,000, excluding previously uninsured account holders) is reached.

## Who Must File

File Form 8851 if you are the trustee or custodian of an MSA. A trustee or custodian may be a bank or similar financial institution, an insurance company, or any other person already approved by IRS as a trustee or custodian of an individual retirement arrangement (IRA).

## When To File

File Form 8851 by August 3, 1998, to report MSAs established from January 1, 1998, through June 30, 1998. File Form 8851 by August 2, 1999, to report MSAs established from January 1, 1999, through June 30, 1999.

Due Date	Period Covered
August 3, 1998 . . . . .	Jan. 1—June 30, 1998
August 2, 1999 . . . . .	Jan. 1—June 30, 1999

## How To File

You may report less than 250 MSAs on paper. If you are required to report 250 or more MSAs, you must file on magnetic media or electronically. See Rev. Proc. 97-25, 1997-17 I.R.B. 8. For information on filing magnetically/electronically, call 304-263-8700.

If you file magnetically or electronically, you must complete Form 8851 above line **a** (trustee's information) and send or transmit it to the IRS. See Part A, Section 4, of Rev. Proc. 97-25.

## Where To File

Send Form 8851 to the Internal Revenue Service Center, Philadelphia, PA 19255.

## Definitions

**Medical savings account.** An MSA is a tax-exempt trust or custodial account established, created, or organized in the United States exclusively for the purpose of paying the qualified medical expenses of the account holder or the account holder's spouse or dependent in conjunction with a high deductible health plan.

**High deductible health plan.** A high deductible health plan is a health plan—

1. For self-only coverage, that has an annual deductible between \$1,500 and \$2,250, or
2. For family coverage, that has an annual deductible between \$3,000 and \$4,500, and
3. The annual out-of-pocket expenses required to be paid under the plan (other than for premiums) for covered benefits does not exceed—
  - \$3,000 for self-only coverage, and
  - \$5,500 for family coverage.

**Previously uninsured account holder.** An account holder is considered to be previously uninsured if the account holder's coverage under a high deductible health plan did not begin before July 1, 1996, and

- For self-only coverage, the account holder had no health plan coverage at any time during the 6-month period before coverage under the high deductible health plan began.
- For family coverage, both the account holder and the account holder's spouse had no health plan coverage at any time during the 6-month period before coverage under the high deductible health plan began.

If an account holder has family coverage and either the account holder or the account holder's spouse was insured at any time during the 6-month period before coverage under the high deductible health plan began or the coverage began before July 1, 1996, the account holder is **not** considered **previously uninsured**.

An account holder is considered previously uninsured even if the account holder had any health plan coverage listed below:

1. Insurance if substantially all the coverage provided under such insurance relates to:
    - Liabilities incurred under workers' compensation laws,
    - Tort liabilities, or
    - Liabilities relating to ownership or use of property.
  2. Insurance for a specified disease or illness.
  3. Insurance paying a fixed amount per day (or other period) of hospitalization.
  4. Coverage (whether through insurance or otherwise) for accidents, disability, dental care, vision care, or long-term care.
- See **Line c** and **Lines 1–20** below.

**Excludable account holder.** An account holder is considered an excludable account holder if all the following apply—

1. Account holder is **not** considered previously uninsured (as described above),
2. Account holder opens an MSA, and
3. Account holder's spouse has or had an MSA and was **not** considered previously uninsured.

If you simultaneously open an MSA for a husband and an MSA for his wife and neither is considered previously uninsured, treat either the husband or the wife, but not both, as an excludable account holder.

See **Line d** and **Lines 1–20** below.

## Specific Instructions

**Line a.** Check the period for which Form 8851 is filed.

**Line b.** Enter the total number of MSAs you established during the period covered by this Form 8851. This includes all MSAs opened, even those for previously uninsured or excludable account holders. However, **do not** include a rollover or MSA established for the prior year, as explained under **Items To Note** above. In addition, **do not** include a Medicare+Choice MSA. (Medicare+Choice MSAs cannot be established before 1999.)

**Line c.** Enter the total number of previously uninsured MSA holders. See **Previously uninsured account holder** above.

**Line d.** Enter the total number of excludable MSA holders. See **Excludable account holder** above. An MSA holder cannot be both previously uninsured and excludable. If you counted an MSA holder on line **c**, do not also count that holder on line **d**.

**Lines 1–20.** Enter each MSA holder's name and social security number. If the account holder is either previously uninsured or excludable, check the appropriate box. **Do not** check both boxes for one account holder. If you need more space, attach additional sheets.

**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

<b>Recordkeeping</b> . . . . .	3 hr., 51 min.
<b>Learning about the law or the form</b> . . . . .	6 min.
<b>Preparing, copying, assembling, and sending the form to the IRS.</b> . . . . .	10 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send the form to this address. Instead, see **Where To File** above.

