

## HEALTH SAVINGS ACCOUNT FREQUENTLY ASKED QUESTIONS

**Q: What is an HSA?**

**A:** A Health Savings Account (HSA) is a tax savings account that is only available if it is paired with a qualified high-deductible health plan (HDHP).

**Q: What are qualified expenses?**

**A:** Doctor and hospital services, medical products, prescriptions, services and treatments, over-the-counter medicine, menstrual products.

- For a detailed list, see IRS Publication 502, *Medical and Dental Expenses*, available at [irs.gov/publications](https://www.irs.gov/publications).

**Q: Who is eligible for an HSA?**

**A:** To be eligible for an HSA, you need to meet the following requirements:

You must be enrolled in an HSA-qualified HDHP plan.

You can't be enrolled in Medicare.

You can't be eligible to be claimed as a dependent on someone else's tax return.

You can't have additional health coverage that is not an HSA-qualified HDHP plan. (There are certain exceptions, including specific injury insurance or coverage for accidents, disability, dental care, vision care, or long-term care.)

- You may want to consult with a financial advisor for more information about HSA eligibility.

**Q: What are the 2021 contribution limits?**

**A:** For 2021 the maximum HSA contribution limit for self-only coverage is \$3,600. For family coverage, the maximum contribution is \$7,200. The contributions limits are updated annually.

**Q: Can I put more money in my HSA than the amount of my health plan deductible?**

**A:** The maximum amount you can contribute to your HSA is set by the federal government on a yearly basis. The decided amount is unrelated to your deductible.

**Q: Does my deductible reset on January 1 of each year?**

**A:** Yes, deductibles apply for a calendar year (1/1 - 12/31), not the plan year (10/1 - 9/30). Health Savings Account Plans are the only plans that **do not** allow a 4<sup>th</sup> quarter carry over. The IRS prohibits this. HSA member's out of pocket expenses will reset January 1 of each year.

**Q: Who can contribute to my HSA?**

**A:** You or your employer can put money in your HSA. The annual limit on the amount of money you can add to your account applies no matter who makes contributions.

**Q: Are contributions tax-free?**

**A:** Yes, contributions are tax-free, and distributions are tax-free when used to pay for qualified medical expenses.

**Q: What happens to unused HSA funds?**

**A:** Unused funds roll over from year-to-year.

**Q: What if I use all the money in my HSA before the end of the year?**

**A:** If you use all the money in your HSA and have already contributed the maximum amount allowed for the year, you'll have to pay out of pocket for any other health care expenses until the end of the year.

**Q: What if I contribute too much?**

**A:** If you've contributed too much to your HSA, you have until the tax deadline (generally April 15) of the following year to correct the error.

- Always consult with your tax professional

**Q: When can I start using my HSA?**

**A:** You can use your HSA once you've opened the account and put money in it.

**Q: When should I submit request for reimbursement for care I paid out of pocket?**

**A:** You can submit a request for reimbursement anytime, if you got the care on or after the date you opened the HSA.

**Q: Who controls my HSA?**

**A:** You own the account and the money in the account, even if your employer contributes to it.

**Q: What are the advantages of an HSA?**

**A:** You don't pay taxes on the money that you put into your HSA.

You can continue to save and grow the account for care later in life, such as after you retire.

**Q: If I leave my employer, can I take my HSA funds with me?**

**A:** Yes, your money stays with you even if you switch jobs, change medical coverage, become unemployed or retire.

**Q: If my coverage starts in the middle of the year, how much can I contribute to my HSA?**

**A:** If you start your health plan in the middle of the calendar year, you can still contribute up to the maximum dollar amount set by the federal government for that year.

- Here are important timeframes to remember when contributing to your HSA:

You must be enrolled in an HSA-qualified deductible plan for at least the full month of December to contribute to your HSA for that year.

You need to stay enrolled for the full year following your midyear enrollment. If you don't stay enrolled for the full period, a portion of the maximum contribution you made will be included in your taxable income for the year. This means you could pay taxes and penalties on your contribution.

**Q: Can I make my entire HSA contribution at the beginning of the year?**

**A:** Yes. If you don't go over your annual limit, you can contribute as much as you'd like at the beginning of the year. If your eligibility status changes during the year, you may have to correct the amount you already contributed. For example, if you change from family to individual coverage during the year, you might have contributed too much.

**Q: Can I make extra contributions if I'm 55 or older?**

**A:** Yes. If you're 55 or older, you can make an additional contribution of up to \$1,000.

- For more information about HSAs, visit the U.S. Department of the Treasury website at [treasury.gov](https://www.treasury.gov).

**Q: Can I enroll in an HSA if I currently have a general-purpose medical FSA?**

**A:** If you or your spouse participates in a general-purpose flexible spending account (FSA), you would not be eligible for an HSA. According to the Internal Revenue Service (IRS), a general-purpose FSA is considered "other insurance." You may be eligible for an HSA the following year, assuming you or your spouse are no longer participating in a general-purpose FSA.

**Q: Are there any minimum yearly deductibles required by law?**

**A:** Yes. Minimum yearly deductibles required by law are \$1,400 for individual coverage and \$2,800 for family coverage.

**Q: Are there yearly out-of-pocket expense limits?**

**A:** Yes. Yearly out-of-pocket expenses (deductibles, copays, and other amounts, but not premiums) cannot exceed \$7,000 for individual coverage and \$14,000 for family coverage in 2021.

**Q: Can I contribute to my Health Savings Account (HSA) if I pick up Medicare at age 65?**

**A:** Contributions to an HSA can continue until you enroll in Medicare. Therefore, contributions would need to stop at age 65 when you enroll in Medicare, not before you turn 65, unless you are disabled and already receiving Medicare.

**Q: When do I need to stop contributing to my HSA if I wait to enroll in Medicare after age 65?**

**A:** If you delayed Medicare until after age 65, you will need to stop contributing to your Health Savings Account at least 6 months prior to when you plan to enroll in Medicare (Your Part A effective date can be backdated up to 6 months from when you enroll).

**Q: Can I still use my funds in my Health Savings Account after enrolling in Medicare?**

**A:** Yes. While you won't be able to contribute to your HSA once your Medicare coverage begins, you may use money that's already in your HSA to help pay for deductibles, premiums, copayments, or coinsurance.

**Q: What If I make contributions to my HSA while enrolled in Medicare?**

**A:** Contributions to your HSA after your Medicare coverage starts may result in a tax penalty. If you'd like to continue contributing to your HSA, you shouldn't apply for Medicare, Social Security, or Railroad Retirement Board (RRB) benefits.

**Q: What if you are enrolled in Medicare, but you are also covered under your spouse's HSA through their employer?**

**A:** You can continue to use funds from your spouse's HSA for approved medical purposes if your spouse is still working.

**Q: What is the difference between a Health Savings Account (HSA) and Health Reimbursement Account (HRA)? Can you have a Health Reimbursement Account with Medicare?**

**A:** An HRA stays with your employer, so you'll no longer have access to those funds if you leave your job. With an HSA, you keep the account and can transfer it to another employer. Both accounts will help pay your qualified medical expenses, including Medicare premiums or other medical expenses. Unlike an HSA, you can have an HRA or flexible spending account while enrolled in Medicare.

## HSA ELIGIBILITY & CONTRIBUTION LIMITS

	Employee: No coverage of any kind	Employee: Self-only non-HDHP coverage	Employee: Self-only HDHP coverage	Employee: Family non-HDHP coverage	Employee: Family HDHP coverage
Legal spouse: No coverage of any kind	Cannot establish an HSA.	Cannot establish an HSA.	Employee is an eligible individual and can establish an HSA. The maximum contribution is the self-only contribution amount. Legal spouse cannot establish an HSA.	Cannot establish an HSA.	Employee is an eligible individual and can establish an HSA. The maximum contribution is the family contribution amount. Legal spouse cannot establish an HSA.
Legal spouse: Self-only non-HDHP coverage	Cannot establish an HSA.	Cannot establish an HSA.	Employee is an eligible individual and can establish an HSA. The maximum contribution is the self-only contribution amount. Legal spouse cannot establish an HSA.	Cannot establish an HSA.	Employee is an eligible individual and can establish an HSA. The maximum contribution is the family contribution amount. Legal spouse cannot establish an HSA.
Legal spouse: Self-only HDHP coverage	Legal spouse is an eligible individual and can establish an HSA. The maximum contribution is the self-only contribution amount. The employee cannot establish an HSA.	Legal spouse is an eligible individual and can establish an HSA. The maximum contribution is the self-only contribution amount. The employee cannot establish an HSA.	The employee and legal spouse are both eligible individuals and each can establish an HSA. The maximum contribution for each is the self-only contribution amount.	If legal spouse is not covered by employee's coverage, legal spouse is eligible to establish an HSA. The maximum contribution is the self-only contribution amount. If legal spouse is covered by the employee's benefits, the legal spouse cannot establish an HSA. The employee cannot an HSA.	Employee and legal spouse are both eligible individuals and can establish HSAs. They are treated as having only family coverage. The maximum contribution is the family contribution amount, to be divided between them by agreement.
Legal spouse: Family non-HDHP coverage	Cannot establish an HSA.	Cannot establish an HSA.	If employee is not covered by legal spouse's coverage, employee is eligible to establish an HSA. The maximum contribution is the self-only contribution amount. If the employee is covered by the legal spouse's coverage, the employee cannot establish an HSA. Legal spouse cannot establish an HSA.	Cannot establish an HSA.	If the employee is not covered by the legal spouse's coverage, the employee is eligible to establish an HSA. The maximum contribution is the family contribution amount. If the employee is covered by the legal spouse's coverage, the employee cannot establish an HSA. The legal spouse may not establish an HSA.
Legal spouse: Family HDHP coverage	Legal spouse is an eligible individual and may establish an HSA. The maximum contribution is the family contribution amount. The employee cannot establish an HSA.	Legal spouse is an eligible individual and may establish an HSA. The maximum contribution is the family contribution amount. Employee cannot establish an HSA.	Employee and legal spouse are both eligible individuals and may establish HSAs. They are treated as having only family coverage. The maximum combined contribution by employee and legal spouse is the family contribution amount, to be divided between them by agreement.	If legal spouse is not covered by the employee's benefits, the legal spouse is eligible to establish an HSA. The maximum contribution is the family contribution amount. If legal spouse is covered by employee's coverage, the legal spouse cannot establish an HSA. Employee cannot establish an HSA.	Employee and legal spouse are both eligible individuals and can establish HSAs. The maximum combined contribution by employee and legal spouse is the family contribution amount, to be divided between them by agreement.