

A Guide to

Health Savings Accounts and Medicare

Discover how Medicare impacts your HSA, and get answers to frequently asked questions.

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Glossary

Beneficiary

The individual(s) or trusts designated by you to receive the proceeds of your HSA in the event of your death.

Contribution

A deposit of otherwise taxable funds to your HSA. Transfers and rollovers do not count as contributions since they are already non-taxable funds.

Distribution

Any withdrawal of funds from your HSA. Distributions for HSA-qualified expenses are tax-free

Eligible for Medicare

You are “eligible” when meet the requirements to receive Medicare benefits. You become eligible for Medicare benefits due to age, end-stage renal disease, or disability.

Entitled to Medicare

You are “entitled” to Medicare benefits when you meet the requirements to be eligible for Medicare and are also enrolled in Medicare. In some cases, you are automatically enrolled in Medicare when you become eligible; otherwise you have to complete an enrollment application.

Enrolled in Medicare

Enrolled is synonymous with “entitled.”

Glossary

HSA-eligible expenses

HSA-eligible expenses are those health-care related expenses for which you can withdraw funds from your HSA tax-free. You can use your HSA funds for any expenses you like, but if they are not HSA-eligible, you will have to pay income tax and a penalty on those withdrawals.

Family coverage

This refers to a health plan that also covers a spouse and/or dependent children or other dependents.

Individual coverage

This refers to a health plan that only covers a single individual.

Initial Enrollment Period (IEP)

The IEP is the initial enrollment period for Medicare; it is the seven months surrounding your 65th birthday. It includes the three months before you turn 65, the month you turn 65, and the three months after.

HSA-eligible individual

An individual who meets all the IRS requirements to contribute to an HSA. You can read more about eligible individuals in [IRS Publication 969](#).

HSA-qualified plan

This is a health insurance plan that conforms to IRS rules for insurance plans which allow individuals to contribute to an HSA.

Medigap insurance

Private insurance that supplements Medicare and Medicare Advantage Plans. It reimburses out-of-pocket health care costs not covered by Medicare and which are otherwise the individual's obligation to pay. An individual can't establish or contribute to an HSA if he or she also has Medigap insurance.

Reimbursement

Money you withdraw from your HSA to pay yourself back for out-of-pocket medical expenses. There is no deadline to reimburse yourself for qualified medical expenses from your HSA.

HSA

What is an HSA?

Simply put, a health savings account (HSA) is like a personal savings account to use for the tax-free payment or reimbursement of qualified medical expenses.

HSA's offer more tax benefits than any savings vehicle on the market. Contributions to your HSA are tax deductible and may be used for qualified medical expenses without being subject to any taxes. In addition, all your earnings to an HSA from interest and investments are also tax-free.

Plus, HSA funds roll over from year-to-year. They are not subject to use-it-or-lose-it rules, like Flexible Spending Accounts (FSAs) or Health Reimbursement Accounts (HRAs).

HSA eligibility

HSA eligibility to contribute to the account is determined on a monthly basis, on the first of every month. To be eligible for an HSA, you

must first have an HSA-qualified high deductible health plan (HDHP). Beyond that, you must not be:

- Covered by any other non-HSA qualified health plan, such as your spouse's non-HSA qualified health insurance
- Covered by your own or anyone else's medical flexible spending account (FSA)
- Enrolled in any part of Medicare or Tricare
- Receiving Veteran's health benefits now or in the past 90 days for a non-service connected disability
- Claimed as a dependent on another person's tax return

HSA eligibility is assessed at an individual level, based on the individual's health coverage. For example, your spouse could open an HSA and reimburse both of your expenses from that account if she was HSA-eligible through your HSA family coverage, even if you, the subscriber, aren't eligible for an HSA because you have other individual coverage.

Keep in mind, it's possible to lose HSA eligibility after you've opened an account. In that case, you'll need to pro-rate contributions for that year for the months you were eligible, and you won't be able to make any additional contributions unless you become eligible once again. However, it's important to remember that any money in the account is yours to use even if you are not eligible to contribute, so you can still invest it or use it to pay for eligible medical expenses tax-free for yourself, your spouse, and your dependents.

Contributions

You can make contributions to your HSA up until the tax filing deadline in mid-April for the previous tax year.

There's no minimum contribution, but the IRS does set limits on the maximum that can be contributed to an HSA each year. These limits represent the total amount contributed by the accountholder, employer, and anyone else.



Not sure if you're eligible? Visit HealthSavings.com/Eligibility to take a quick, interactive assessment.

Keep an eye on your running contribution total, because there are penalties for going over. You can fix an excess contribution by withdrawing it from your account before the tax-filing deadline and making sure your HSA trustee codes it as an excess contribution reversal rather than a distribution. And if you don't reverse an excess contribution by that year's tax filing deadline, you'll be responsible for paying ordinary income tax plus a 6% penalty on that excess amount every year it remains in the account.

You're not eligible to make your first contribution unless you were enrolled in your HSA-qualified health plan on the first day of the month you'd like to contribute. So, for example, if you enroll in your health plan and your HSA on February 15, sit tight until March 1 to make your first contribution.

Once you can contribute, there are different ways to get funds into your HSA. If your employer allows it, you may be able to contribute through pre-tax payroll withholding, which means you save federal and state income taxes (in most states) in addition to employment-related taxes such as FICA and FUTA.

It's always an option to contribute after-tax to your HSA. If you do, you can deduct that contribution amount on your tax return, but you or your employer don't get to deduct the employment-related taxes.

Plus, unlike a flexible spending account, you can change your contribution amount as often as your employer allows—not just during open enrollment or after a qualifying event.

If your employer is making contributions to your HSA, you should know that these contributions are your money as soon as they hit your account, and this money is yours if you leave your job or enroll in Medicare.

Also, your contributions remain in your HSA until you use them, and any interest or investment earnings grow tax-free.



For **current contribution limits**, visit www.HealthSavings.com.

Portability

The money you put into your HSA is always yours. If you change employers, you can keep your current HSA, even if you no longer have a high-deductible health plan with your new employer. You just won't be able to continue contributing until you have another HSA-qualified health plan. You can also open as many HSAs as you want, although your contribution limits are the same regardless of how many accounts you have.

Distributions

As the account holder, you can use your HSA to pay for or reimburse tax-free any eligible medical expenses for yourself, your spouse, and your tax dependents—even if your spouse or dependents are on different insurance, AND even if that insurance isn't HSA-eligible.

Remember, you're not required to reimburse yourself from your HSA in the same tax year as the expense. In fact, you can pay your health care expenses with personal funds, save your receipts, and pay yourself back any time in the future. This is a great strategy, especially when you are investing your HSA funds.

You can certainly withdraw HSA funds for non-eligible expenses at any time, for any reason. Just know that you'll need to include those withdrawals as taxable income in the year you made them, and they'll be subject to ordinary income tax plus a 20% penalty if you're under age 65.

When you turn 65 and/or start Medicare, your HSA funds can still be used for eligible medical expenses and some of your Medicare premiums. Once you hit 65, that 20% penalty disappears -you can use funds after age 65 for any purpose without penalty, but you will have to pay to income tax on the HSA distributions if they are not used for IRS-qualified medical expenses.

Qualified expenses

You may use your HSA money for qualified medical, dental, and vision expenses, as well as for prescription medicines and some over-the-counter medical medicines, supplies and equipment. You may also use your HSA funds for certain insurance premiums. [IRS Publication 969](#) provides guidance for which expenses are HSA eligible.

HSA funds can be used directly from your account, such as through an HSA debit card, or you can personally pay for your expenses with your own credit card or other account and reimburse yourself from your HSA.

Shoeboxing your receipts

Some people like to think of HSAs as a way to save for retirement. Since there is no deadline for using your HSA to reimburse for your eligible expenses, you might prefer to save and grow your HSA funds.

This means you would pay your eligible medical expenses with non-HSA funds and archive all your eligible medical receipts (in a shoebox or an electronic folder to be able to prove to the IRS that they were eligible expenses) and reimburse yourself with tax-free funds at a later time.

Meanwhile, your HSA balance can grow tax-free through interest on your account and investments. Remember that if you use any HSA funds for purchases or payments that are non-eligible (usually healthcare needs that are not covered or other purchases), you will owe ordinary taxes on these distributions and will be subject to a penalty, if you are under age 65.

Investing your HSA money

While your insurance company may have an established relationship with an HSA administrator (often a bank), you can choose to put your HSA account with any HSA qualified custodian or trustee. Your



You can choose to pay for medical expenses out of pocket and keep money in your HSA. But remember to keep your receipts so you can **reimburse yourself tax-free** in the future!

invested HSA funds are like any other investment, and you should make sure that the investment meets your needs and goals. HSA custodians and trustees have different investment options, so it may be worthwhile to open a second HSA with a custodian that offers an investment plan that you like, even if you already have an HSA through your employer.

Naming a beneficiary

When you establish any HSA, you should designate a beneficiary – if you don't your HSA will automatically become part of your estate. If you designate your spouse as your beneficiary when you die, your HSA can be transferred to an HSA in your spouse's name, and the funds in the account can be used for the surviving spouse's (and any tax dependents of the surviving spouse) eligible health care expenses tax free. If anyone else is the beneficiary, the account will be closed and treated as ordinary income for tax purposes.

Medicare

What is Medicare?

If you're getting close to age 65, you've probably heard about Medicare and how it helps cover healthcare costs for people 65 and older who qualify. It's a federal (government) health insurance program funded primarily from three sources: general revenues, payroll taxes, and beneficiary premiums.

Medicare also covers certain younger people with disabilities, and people with End-Stage Renal Disease (ESRD), which is irreversible kidney failure requiring dialysis or a transplant.

In short, it's a way for you to have healthcare coverage as you get older and leave the workforce to start a new chapter in your life.

What is Medigap?

You'll sometimes hear "Medigap" mentioned along with Medicare. Medigap policies are run by private companies to fill the "holes" that exist regular Medicare coverage. In other words, those health-

care related costs that are not covered by Medicare payments, such as co-payments, deductibles, and health care coverage when you travel outside the United States. You will pay a monthly premium for this type of policy. You cannot pay for Medigap coverage tax-free out of your HSA as an HSA-qualified medical expense, although you could use your HSA funds to pay premiums tax-free to the extent you shoeboxed receipts for HSA-qualified medical expenses but for which you never reimbursed yourself!

Most Medigap policies do not pay for prescription drugs. Nor do these policies pay for long-term care, dental costs, vision costs, hearing aid, eyeglasses or private-duty nurses, in most cases.

The four parts of Medicare

Medicare comes in four different parts. And each one covers different healthcare-related costs.

Medicare Part A (Hospital Insurance)

Part A covers inpatient hospital stays, care in a skilled nursing facility, hospice care, and some home healthcare.

Medicare Part B (Medical Insurance)

Part B covers services such as doctor visits, medical supplies, outpatient care, chiropractic care, lab work, outpatient therapy, behavioral health, and prosthetics, as well as select preventive services. Medicare Part B will cover most routine medical expenses.

Medicare Part C (Medicare Advantage Plans)

This type of Medicare health plan is offered by private companies that contract with the government to provide you with all your Part A and Part B benefits.

Medicare Advantage Plans include Health Maintenance Organizations (HMO), Preferred Provider Organizations (PPO), Private Fee-for-Service Plans, Special Needs Plans, and Medicare Medical Savings Account Plans.



Part B also covers **ER** and **urgent care services**.

If you're enrolled in a Medicare Advantage Plan, most Medicare services are covered through the plan and aren't paid for under original Medicare (Parts A and B). Most Medicare Advantage Plans offer prescription drug coverage.

These plans are offered by insurance companies (and other private companies) approved by Medicare. Medicare Advantage Plans may also offer prescription drug coverage that follows the same rules as Medicare Prescription Drug Plans.

Medicare Part D (Prescription Drug Coverage)

Part D adds prescription drug coverage to original Medicare (Parts A and B), some Medicare Cost plans, some Medicare Private-Fee-for-Service plans, and Medicare Medical Savings Account (MSA) plans.

Enrolling in Medicare

Most people start thinking about Medicare when they are close to age 65. You automatically become enrolled in Medicare Part A and entitled to benefits when you apply and are approved to receive Social Security benefits (once you turn 65).

If you are not yet receiving Social Security benefits, you may actively enroll in Medicare yourself by contacting your local Social Security office. You will not receive a notice in the mail letting you know that you are eligible for Medicare.

You can also apply for Part A benefits at any age, if you meet the Internal Revenue Code (IRC) definition of disabled or are suffering from certain diseases.

You must enroll in Part B when you are first eligible (generally when you turn 65), or immediately after losing other satisfactory health insurance coverage. All enrollees pay a monthly premium for Part B, which is deducted from your Social Security checks.



Enrollment in Parts B and D require you to apply for your benefits. They are not automatic. You also must pay for this coverage as the account holder, but you can use HSA dollars to pay or reimburse these premiums.

The Impact of Medicare on HSAs

Contributions

If you had an HSA before you were on Medicare, you can keep your HSA, and the funds are yours to spend on HSA-qualified health care costs. However, once you are enrolled in any part of Medicare, you are no longer eligible to open or contribute to an HSA—or accept contributions to your HSA from another source, like your employer. In some cases, Medicare entitlement is retroactive. In those cases, you are ineligible to open or contribute to an HSA for the months that you had retroactive coverage through Medicare.

Why? Because Medicare isn't an HSA-eligible high-deductible insurance plan. (Other government health programs can also disqualify HSA eligibility, including Medicaid, S-CHIP, TRICARE, and Indian Health Services.)

However, if one spouse is enrolled in Medicare, but the other spouse is still eligible for an HSA, the eligible spouse can open and fund an HSA. While only the eligible spouse can contribute money to the HSA, he/she can pay for or get reimbursed for qualified expenses for either spouse.



Once you are enrolled in Medicare, you lose your eligibility to contribute. **But if you had an HSA before enrolling, the money is yours to continue using.**

To keep contributing to your HSA, you could dis-enroll from (leave) Medicare, but you would have to pay back all the benefits you have received from both Social Security and Medicare.

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If you sign up for Medicare after you turn 65, your official coverage start date will be retroactive to either your birthday month or six months from the date you signed up, whichever is smaller.

This means, however, that your HSA contributions for that tax year must be prorated to reflect the number of months that you were eligible.



Note: If your birthday **isn't** on the first day of the month, your coverage starts on the first day of your birthday month. If your birthday **is** on the first day of the month, your coverage starts on the first day of the previous month.

Contribution limits

Keep in mind, if your spouse goes on Medicare, and you have no dependents covered on a high-deductible health care plan at work, you will need to move to an individual health care plan, which means your HSA contribution limit will change from a family amount to an individual amount.

IRS rules state that contribution limits must generally be prorated by the number of months you are eligible to participate in an HSA (for instance, being enrolled in an HSA-qualified health plan without additional, disqualifying coverage, and meeting other eligibility criteria).

If your eligibility does change, you will need to calculate your personal contribution limit. To do so, take the total allowed annual contribution based on your coverage level, multiply it by the number of months in the year you qualify, and then divide the amount by 12. Your eligibility is based on your coverage status on the first day of the month.

If your eligibility changes from single to family and you have family coverage for the entire last month of the year you may act as if you had family coverage for the entire year. This subjects you to the testing period for the next 12 months, so you must maintain family coverage for entire following year or face a penalty. You may choose not to use the last-month rule if there is any doubt that you will maintain qualified family coverage for the entire following year.



For 2020, the limit for HSA contributions is \$3,550 for individuals and \$7,100 for families. If you and your spouse are 55 or older and HSA-eligible, you each can contribute an extra \$1,000, for a maximum of \$4,550 for individuals and \$9,100 for families. Note that to contribute the catch-up, each of you must have your own HSA.

HSA distributions

If you have money in an HSA, you can still take distributions even when you are enrolled in Medicare. In other words, your HSA money is still your money and you can use it to pay for eligible expenses.

And, if you have an HSA and your spouse is enrolled in Medicare, you can use your HSA money to reimburse or pay for their eligible medical expenses, including their Medicare Parts B and D premiums, and a portion of any Long-Term Care premiums. See [IRS Publication 969](#) for more details.

Once you turn 65, Medicare insurance premiums (except for Medigap) can be paid or reimbursed through an HSA on a tax-free basis. If you are 65 or older, you can tax a tax-free distribution from your HSA in the amount of Medicare premiums for Part A, B, C or D which were deducted from your Social Security Benefit payments.

Keep in mind, while you may pay for your premium for Medicare with your HSA funds, you may not pay for Medigap premiums from your HSA.



You can use your HSA to pay for your Medicare premiums, but **not for any supplemental or Medigap premiums.** Medigap is a private insurance that you may purchase to cover health care co-payments, deductibles, etc. not covered by your Medicare. These policies are regarded as “supplemental,” so they are not eligible to be covered by your HSA funds.



Frequently Asked Questions

Is Medicare free?

You usually don't have to pay a monthly premium for Medicare Part A coverage if you or your spouse paid Medicare taxes for a sufficient period of time while working. If you are getting your Social Security benefits, your Medicare Part B will be deducted from your Social Security check along with a small monthly payment.

Do I have to enroll in Medicare when I turn 65?

You don't have to, but it is important to note that you will be automatically enrolled in Medicare when you start receiving your Social Security benefits. You can't collect Social Security and not enroll in Medicare. If you are still employed, you may want to delay taking your Social Security benefits in order to retain your HSA eligibility until you retire. Additionally, the longer you wait to enroll, the higher your Medicare premiums will be, as you will incur penalties.

What are the penalties for enrolling in Medicare late?

Most people receive Medicare Part A without having to pay a premium. However if you do have to pay a premium, you may have to pay a 10% penalty for two times as many years as you were eligible but didn't sign up!

The Part B penalties can be significant, and you will pay them for the rest of your life! The monthly premium for Part B can increase by 10% for every full 12-month period that you could have had Part B, but didn't sign up for it. Generally you will also have to wait for the next General Enrollment Period (January 1 to March 31) to sign up, unless you are eligible for a Special Enrollment Period.

For Part D, you could owe a late enrollment penalty if, for any continuous period of 63 days or more after your Initial Enrollment Period is over, you don't have any of the following coverage:

- A Medicare Prescription Drug Plan (Part D)
- A Medicare Advantage Plan (Part C) (like an HMO or PPO)
- Another Medicare health plan that offers Medicare prescription drug coverage
- Creditable prescription drug coverage

Medicare uses a formula to calculate your penalty based on how long you go without coverage.

There's a seven-month Initial Enrollment Period for you to get coverage. This includes three months before your 65th birthday, the month of your birthday, and three months after your birthday. It's best to do your homework about signing up before you turn 65 to know what will work best for you.

Given the penalty, should I just enroll in Parts B and D when I'm first eligible and stop contributing to my HSA?

This depends on if you are still working and if you are covered by your employer's health insurance plan.

If you are working and your employer qualifies as a "large employer" (more than 20 full-time employees), then you don't need to sign up right away after age 65. There will be no penalty and when you retire, you will have time (eight months) to sign up for Part B without any penalty. In this scenario, you can keep contributing to your HSA as long as you are working and covered by the employer's insurance.

If your employer has fewer than 20 employees, you should enroll in Part B to avoid the penalty, in which case an HSA is not an option.

Part D covers prescription medicines. If you are working, your employer has 20 employees or more, and you have prescription coverage through the health plan at work, you should receive a letter stating whether your current coverage is accepted or if you need to switch to Medicare Part D.

The best course of action is to do some research before you turn 65 so that you know your choices and don't get caught paying penalties. Check out good, easy-to-understand information on the AARP.org website and Medicare.gov.

What are the differences between being eligible for and entitled to Medicare? How does each impact the HSA?

You become "eligible" to enroll in Medicare on the first effective date you can enroll in either Medicare Part A or B, whichever occurs earlier. For most individuals, this is when you turn age 65. To be considered "entitled to" Medicare, you must not only be eligible, but also be enrolled in Medicare either by being enrolled in Social Security or having applied and been approved to receive Medicare benefits.

I'm on Medicare. Can I have an HSA?

Yes, if you already have an HSA, you can hold on to your current account and use the money you've previously contributed to it for eligible medical expenses. And that money is still tax-free, meaning you won't be taxed when you use your money for those eligible expenses. But you cannot put any more money into your HSA or start a new one once you are enrolled in Medicare.

What should I do if I'm eligible for Medicare, but want to keep working and continue with my HSA?

If you decide to keep on working after age 65, and you are covered by your employer's health insurance, you are not obligated to sign up for Medicare. This means you can add money to your HSA until you stop working. In this scenario, when you stop working you then have an enrollment period of eight months to sign up for Medicare.

However, if you apply for Social Security when you turn 65 and you keep working, you will be automatically enrolled in Medicare, which will disqualify you for making any further contributions to your HSA.

I received Medicare Part A through disability, but will be returning to work and my Social Security disability payments will stop. Can I resume contributing to an HSA at that time?

No. Because you have taken Social Security payments and have been part of Medicare, you will not be able to contribute to your HSA. After you return to work, your Medicare entitlement continues for 93 months (more than seven years) from the time you first applied for your disability. In the event that you are no longer disabled, and the 93-month period passes so that you are no longer entitled to Medicare, it's possible you could become eligible again to open and contribute an HSA.

I'm enrolled in Medicare, but still have funds in my HSA account. What happens to those funds?

The good news is that those funds are yours. So, you can use them to pay for or reimburse Medicare premiums and other eligible healthcare expenses, even though you can no longer contribute to your HSA. You can also use your HSA money for ineligible expenses, but you will have to pay regular income taxes on the money you used and a penalty if you use them before age 65—even if you are on Medicare. You can also use your money to reimburse yourself for a previous out-of-pocket expense if you have the proper receipts.

Can I stop Medicare to start my HSA again?

The important thing to remember is that Social Security benefits and Medicare go hand-in-hand. If you stop Medicare Part A, you would not only stop your Social Security checks, but you would also have to pay back any funds from Social Security you've already taken. Plus, you would have to pay back everything Medicare has spent on your medical claims.

You must repay these amounts before your application to drop out of Part A can be processed. If you take this action, you're no longer entitled to Social Security or Medicare, but you can reapply for both at

any time in the future (for example, if you end or lose your HSA coverage).

Can I defer enrollment in Medicare to keep contributing to my HSA?

You are USUALLY required to take Medicare at age 65. However, if you or your spouse are employed AND covered by health insurance from either you or your spouse's employer, you qualify for a Special Enrollment Period. Note that private insurance is not sufficient—it must be your employer's plan. Also note that COBRA coverage does not count. If you or your spouse are employed AND you are covered by either spouse's employer-sponsored insurance, you are permitted to forgo all parts of Medicare until both of you are no longer working, or no longer covered by the employer-sponsored health insurance.

Are there benefits to deferring Medicare so that I can continue to fund my HSA?

An HSA allows you to contribute funds and take a full tax deduction for your yearly contributions. The earnings on the funds grow tax-free and can be distributed free of taxes for a broad range of health care expenditures. Consistently funding an HSA is one of the best ways to prepare for retirement health care costs.

However, you should do the math to see what benefits you the most. If you have worked and paid Social Security taxes for at least 40 calendar quarters (10 years), your Medicare Part A will be free. You will need to look at what your employer's insurance is costing you per year and how much you will be able to put into your HSA. For some people, Medicare is more cost-effective.

My Medicare coverage will start in June. Can I fully fund my HSA account for the year, or do I need to pro-rate my contribution?

You'll have to pro-rate your funding for your HSA. That means doing a little math. Take the full amount of your yearly HSA contribution and divide it by 12. Your answer is now your monthly sum of HSA contributions. Take that monthly sum and multiply it by the number of months you will work before your Medicare coverage starts. That's the maximum you can contribute to your HSA. Remember that you can make that contribution all at once, provided it doesn't put you over the annual maximum contribution.

I'm on Medicare. Can I use my HSA money for expenses that are healthcare related?

Yes. The money in your HSA account is yours. Provided you use it for qualified medical expenses, your withdrawals are tax-free. Also, if you are over 65, you can use the funds for anything you like and only pay ordinary income tax on your withdrawals.

Whose eligible expenses can I reimburse tax-free from my HSA?

You can use your HSA for any HSA-eligible healthcare-related expenses for yourself, your spouse and any other dependents.

What expenses can I reimburse or pay for tax-free from my HSA once I'm enrolled in Medicare?

You can use your money for any HSA-eligible healthcare expenses, and if you are over 65, to pay for your Medicare Part A premiums (if any), and Part B and Part D premiums. However, you cannot pay for any Medigap (supplemental insurance) expenses. Recall that you can use your HSA funds for whatever you want for any other expenses and you will only pay regular income tax, once you are over 65.

If I'm not longer HSA eligible, can I still take tax-free distributions for eligible expenses from my HSA?

Yes.

My spouse is eligible for Medicare this year. Does that impact my HSA eligibility?

No. HSA eligibility is always determined on an individual basis. If you meet the HSA eligibility requirements, you are allowed to keep contributing to your HSA. Of course, you can always use your HSA dollars to pay for any HSA-eligible medical expense you or your spouse may have, tax-free at any age.

My spouse is turning 65 and eligible for Medicare this year. Can I still reimburse his/her Medicare premiums with my HSA?

Yes. Your HSA money is yours to use for eligible medical expenses

for your spouse and covered dependents. That includes your spouse's Medicare premiums once they turn 65.

I am married and covered by a family high-deductible health plan with an HSA. My spouse is enrolled in Medicare but also covered under a family high-deductible health plan. Can I still contribute to the HSA?

Yes. Your contributions are based on your age and your insurance coverage. Since you are covered by a family plan you may contribute up to the family coverage limits. As long as you remain HSA-qualified, you may contribute to your HSA.

I am married and covered by a family high-deductible health plan with an HSA. My spouse enrolled in Medicare as of March 1. At the time, our coverage level will change from family to single coverage. Can I still contribute to the HSA?

Yes. As long as you are covered by a high-deductible plan and not taking Social Security, you may contribute to the HSA. However, because HSA eligibility and contribution limits are calculated on a monthly basis, (see IRS form 8889) you must pro-rate your contributions based on the months you had each level of coverage. For example, if your coverage changed from family to individual on March 1, you have two months of family and 10 months of individual eligibility. Your contribution limit for the year should be calculated as such.

I am turning 65 this year and will be enrolled in Medicare at that time. How much can I contribute to the HSA for the year?

It depends on your birthday month. You must prorate your contributions based on the month you start Medicare, so your contribution limit is based on how many full months you were covered by the HSA qualified insurance in that year. Because you are only eligible for those FULL months of coverage, the month in which you go on Medicare is excluded. For example, if your birthday is November 25, you can make contributions through October 31. Also, keep in mind that if any of your Medicare coverage is retroactive, you cannot contribute for those months either.

My ex-spouse just enrolled in Medicare. Does this impact my HSA eligibility?

No. Your HSA eligibility is determined on an individual basis. As long as you are otherwise eligible, you can still have an HSA and contribute within the regular guidelines.

Can I contribute to my spouse's HSA if I'm enrolled in Medicare and no longer HSA-eligible?

Yes. The good thing about an HSA is that anyone can contribute, although the HSA owner reaps the tax benefits (the deduction, in this case). As long as the person holding the HSA is eligible, putting money into the account is a great way to save for medical-related expenses. Note: You cannot have pre-tax deductions from your paycheck contributed to your spouse's HSA. Each HSA is identified with a Social Security number; pretax deductions must go into the HSA with the employee's Social Security number.

Can I use my HSA funds to pay for health care expenses for my same-sex spouse?

Yes, it has been ruled that same-sex spouses who are legally married are entitled to the all benefits of Medicare and HSA programs. Domestic partners who are not married do not qualify for spousal benefits. So, if you are not married, you may not spend your HSA funds for your partner's health care costs. However, if they are also covered by your HSA-qualified health plan, they can open their own HSA and contribute up to the family limit.

My child is on Medicare. Does that impact my HSA eligibility or my ability to reimburse his/her expenses?

No. You can use your funds to reimburse his/her eligible expenses, assuming that you claim the child as a tax dependent for the year in which the medical event occurred.