

HSA's and Medicare FAQ's

Q: I will be eligible for Medicare this year but do not plan to enroll until I retire. I plan to stay enrolled on my employer's CDHP health insurance plan. Can I enroll in an HSA account and make contributions?

A: Yes, a person that is 65 years old can delay taking Social Security benefits and be eligible to make HSA contributions as long as they are NOT enrolled in any part of Medicare (not part A, B or D). Please note: At age 65, you are automatically enrolled in Medicare Part A so it is important that you contact the Social Security office to notify them that you intend to delay your enrollment in Medicare Part A because you are enrolled on other group health insurance and wish to continue making your HSA contributions. If you are employed by Oral Roberts University and enrolled on the group health insurance plan offered by Oral Roberts University, you will not be subject to a penalty for delaying your enrollment in Medicare Part A. If you elect to draw Social Security at age 65 or before you turn 65, you will NOT have the option to delay taking Medicare Part A, you will automatically be enrolled in Medicare Part A and will become ineligible to contribute to an HSA.

Q: I am currently enrolled on my employer sponsored CDHP plan but I will be enrolling in Medicare later this year. For half of the year I will be covered by the CDHP plan and the other half of the plan I will be covered by Medicare. How much can I contribute to my HSA this plan year?

A: You may only contribute to an HSA while you are NOT enrolled in Medicare. To avoid any tax penalties, you should not contribute to an HSA for at least (6) months prior to applying and enrolling in Medicare because Medicare Part A enrollment will automatically go back retroactively up to 6 months when enrolled. For any period prior to the six months before you enroll in Medicare, you can make HSA contributions and depending how much you desire to contribute for the year, you will need to prorate that amount. You cannot front load the entire annual contribution limit ie; 3 months at the individual coverage limit is an annual contribution limit amount of \$900.00. The IRS maximum limit for 2021 is \$3,600 for individual coverage or \$7,200 for family coverage plus the \$1,000 catch contribution that is allowed.

Q: Once I enroll in Medicare can I still utilize the funds that I have accumulated in my HSA?

A: Yes. The money accumulated in the HSA may continue to be utilized for qualifying healthcare expenses (<https://www.irs.gov/pub/irs-pdf/p502.pdf>) including Medicare co-pays, deductibles, vision or dental expenses, as well as premiums for Medicare part B, part D, Medicare Advantage Plans or supplemental plans. If you are age 65 or older, you also have the option to withdraw funds from your HSA account for any purpose without penalty. Funds will only be subject to applicable income tax.

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Q: I will be enrolled on my employer's CDHP plan but my spouse is or will be enrolled on Medicare. How much will I be allowed to contribute to my HSA?

A: If you are enrolling both yourself and your spouse on the employer sponsored CDHP plan and your spouse is also enrolled in Medicare, you are able to contribute up to the IRS family maximum contribution limit to your HSA. The family contribution limit for 2021 is \$7,200. If you are 55 or older, you may also elect to make the catch-up contribution of \$1,000. The spouse that is enrolled in Medicare is NOT eligible to contribute to an HSA account in his or her name.

Q: If my spouse is enrolled in Medicare and I elect to enroll only myself, as the employee, on the employer sponsored CDHP plan, can I pay for eligible healthcare expenses for my spouse from the HSA funds that I have accumulated?

A: Yes, you can pay for eligible expenses, including Medicare premiums, copays, deductible, etc., from your HSA for yourself and your legal tax dependents even if the dependents have other coverage and are not enrolled on your employer sponsored CDHP plan. HSA accounts are individual accounts so the employee may have an account and a spouse may also have a separate HSA account if they are enrolled in separate CDHP plan through another entity but the annual contribution limits are for the family unit so must be allocated appropriately between the two accounts.

Q: If I delay my enrollment in Medicare so that I may continue to, or enroll, to make HSA contributions and I decide later in the year that I want to enroll in Medicare Part A, will I be able to enroll without penalty?

A: If you continue to be enrolled on the employer sponsored CDHP plan and you also elect to enroll in Medicare Part A later, you will need to discontinue your HSA contributions up to six months prior to enrolling in Medicare Part A. If you have circumstances during the plan year that warrant you needing to disenroll from the employer sponsored group health coverage to enroll in Medicare Part A prior to the next open enrollment period, please see your employer benefits manager to determine if your circumstances will constitute a qualifying event to be removed from the employer sponsored group health plan. In the event, that you become unemployed or stop working, you will have up to 8 months to elect to enroll in Medicare Part A without penalty.

