

How Medicare Impacts Your HSA Plan

Many people are covered under a High Deductible Plan (HDHP) tied to a **Health Savings Account (HSA)**. An HSA allows you to contribute funds on a tax-free basis to pay for qualified health expenses that meet certain IRS requirements.

If you are near Medicare eligibility, plan ahead to avoid fines and penalties. Most who collect Social Security benefits are automatically enrolled in Part A and cannot decline Part A while collecting Social Security benefits.

HSA Restrictions

- If you enroll in Medicare Part A or Part B, or are automatically enrolled by Social Security, all HSA contributions must stop including contributions by your employer. HSA contributions should discontinue the month Medicare begins if you sign up at age 65.
- If you delay Medicare and continue making HSA contributions, you will have access to a Part B Special Enrollment Period (SEP) when coverage stops or you retire. You will not be subject to any Part B late enrollment penalty.
- If you have delayed Medicare, you must stop HSA contributions at least 6 months prior to applying for Medicare to avoid a tax penalty. The 6-month period is based on the date you apply for Medicare, not the effective date of Part A. When you enroll in Part A, you have up to six months of retroactive coverage, but not going back further than your initial month of eligibility.
- Withdrawals from your HSA after Medicare enrollment may be used to help pay for medical expenses, such as deductibles, copayments, coinsurances, and certain premiums.

How Medicare Impacts Your HSA Plan

Primary vs. Secondary Employer Plans

Your employer plan status as primary or secondary payor could impact your decision to delay Medicare. If delaying Medicare because you have employer health coverage:

- **More than 20 employees** – Medicare is the secondary payor to your HDHP health plan. You may delay Medicare and continue putting money into your HSA.
- **Fewer than 20 employees** – Medicare is the primary payor. You will likely need to enroll in Medicare at age 65 to avoid any gaps in coverage. All HSA contributions must stop.

You & Your Spouse

You may continue to contribute to your HSA even if your spouse goes into Medicare. HSA accounts are in the name of the employee only, so your spouse's Medicare eligibility has no impact.

If you require counseling around HSAs, please consult a **tax professional**.



For More Information

For more information, contact your representative

Patty Norton, Account Executive, Medicare at
(954) 607-4151 or Patty.Norton@mybenefitadvisor.com

CA License Nos: 4273296 / OG33244



DISCLAIMER – The Center for Medicare & Medicaid Services (CMS) requires us to notify you of the following: We do not offer every plan in your area. Provide a zip code for the number of organizations and products we represent in your area. Please contact www.medicare.gov or 1-800-MEDICARE (TTY users should call 1-877-486-2048), 24 hours a day/7-days a week or your local State Health Insurance Program (SHIP) to get information on all of your options.

This document is designed to highlight various employee benefit matters of general interest to our readers. It is not intended to interpret laws or regulations, or to address specific client situations. You should not act or rely on any information contained herein without seeking the advice of an attorney or tax professional. ©My Benefit Advisor, LLC. All rights reserved. CA Insurance License #0G33244.