

# HSA & Medicare FAQ

## Common HSA/Medicare questions:

Q: Can I still use my HSA funds if I have Medicare coverage? / Can I use my HSA to pay for Medicare premiums?

A: You can still use your HSA funds if you have Medicare coverage. You may withdraw funds from your HSA at any time, regardless of whether you are eligible to contribute to your HSA. Once you reach age 65, you have more options for using your HSA funds. For example, you may use your funds, free of tax and penalty, for qualified medical expenses as well as to pay for Medicare Parts A, B, D premiums and Medicare HMO premiums. However, premiums for a Medicare supplemental policy, such as Medigap, are not eligible expenses.

Reaching 65 years of age also enables you to use your funds for non-qualified medical expenses, including Medicare Supplements, with no penalties. Instead, these funds will be taxed as ordinary income.

Q: Can I contribute to my HSA if I have Medicare coverage?

A: Unfortunately, you may not contribute to an HSA while enrolled in Medicare. You may continue contributing to your HSA by delaying your enrollment in Medicare coverage. Signing up for social security automatically enrolls you in Medicare Part A.

Q: When must I stop my HSA contributions?

A: In most cases, you are ineligible to make HSA contributions the first day of the first month that your Medicare coverage begins. If you sign up during the first three months of your initial enrollment period, coverage begins the first day of the month you turn 65.

If your birthday falls on the first of the month, your Medicare coverage begins the first day of the prior month. If you enroll after the first three months, your coverage begins at different times depending on your birth date. See [www.medicare.gov](http://www.medicare.gov) for more details.

Q: Can I contribute to my HSA if I am Medicare eligible, but choose not to enroll in/decline Medicare coverage?

A: By choosing to post-pone enrollment in Medicare, you are still eligible to make contributions to your HSA until the first day of enrollment. Most taxpayers are eligible for an HSA if covered by an HSA-qualified high deductible health plan (HDHP).

However, you are ineligible for an HSA if:

1. You are enrolled in Medicare or Medicaid;
2. You are a tax dependent;
3. You are covered by your own or a spouse's non-HSA-qualified health plan, General Purpose Flexible Spending Account or Health Reimbursement Arrangement;
4. If, in the past three months, you have received healthcare from the Veteran's Administration

Q: If my spouse is covered by Medicare but I am not, can I contribute to an HSA?

A: If you are under 65 and otherwise eligible to open and contribute to an HSA, you can contribute up to the maximum limits into your separate HSA. Please see the question above for eligibility information.

Q: What if I accidentally contributed to my HSA when I was ineligible due to Medicare coverage?

A: If you have accidentally contributed to an HSA while enrolled in a Medicare plan (or for any other reason that would make you ineligible to contribute), there may be tax penalties. You can reverse your excess contributions by completing a form available in your online account. Please consult a tax advisor for tax penalty questions. Note that there may be a fee charged by the bank custodian for excess contribution withdrawals.

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