

HSA Eligibility FAQ

Common Employee Eligibility Questions:

Q: Is a married employee eligible for HSA coverage under his or her employer's plan if his or her spouse has non-HDHP coverage?

A: Yes, provided the employee is not covered under the spouse's non-HDHP plan.

Q: Is a married employee eligible for HSA coverage if his or her spouse has general purpose Health Flexible Spending Account (HFSA) coverage through another employer's plan?

A: A general purpose HFSA provides coverage for all eligible health expenses, and therefore it is disqualifying coverage for an HSA. However, if the spouse's HFSA does not provide health expense reimbursement for employees' spouses (unusual), it could be HSA-compatible for the employee.

Q: Can an employee make HSA contributions if he or she is participating in a general purpose HFSA that permits a carryover of unused amounts from the prior plan year?

A: Generally, no. The general purpose HFSA carryover will preclude HSA eligibility. However, a cafeteria plan that offers both a general purpose Health FSA and an HSA-compatible Health FSA (e.g., covers dental or vision expenses only) may provide that any employee who enrolls in HDHP will be automatically enrolled in the HSA-compatible Health FSA. Thus, any unused amounts from the general purpose Health FSA would carry over to the HSA-compatible Health FSA.

Q: Can an employee receive distributions from his or her HSA if covered under a non-HDHP?

A: Yes. Enrollment in a non-HDHP does not prevent an individual from receiving distributions from an HSA.

Q: Can an employee use HSA funds to pay the health expenses of the employee's adult children?

A: Generally, no. HSA funds may be used for expenses incurred by the employee or the employee's tax dependents. Tax dependent children are those up to age 19 or age 24 if full-time students, or any age if dependent upon the employee for support due to disability. This differs from group health insurance – if the plan covers children, the coverage must continue up to age 26 regardless of tax dependency, student status, or other factors.