



Medicare and Your HSA

■ Can I Use Money In My Health Savings Account (HSA) To Pay For Medicare Premiums And Eligible Health Care Expenses Not Paid By Medicare?

Yes, you may use money from your HSA to pay premiums for Medicare Parts A, B, C and D. However, money from you HSA cannot be used to pay premiums for a Medigap (Medicare Supplement) Policy. You can also use money from your HSA to pay for health care expenses that are not covered by Medicare, but are eligible HSA expenses, such as, insurance deductibles, copayments.

■ Can I Continue Making Contributions To An HSA After Enrolling In Medicare?

No, new contributions to an HSA must be discontinued when you enroll in Medicare Part A, B, or D, beginning on the first day that coverage becomes effective.

When eligible for Medicare, you may be able to choose its effective date. However, when a person enrolls in Medicare Part A after their 65th birthday month, their coverage will be effective up to six-months retroactive from the requested Medicare effective date, but not before the first day of the birthday month they became 65.



For Example:

If a person turns 65 in January and later enrolls in Medicare with a requested effective date of July 1, their Medicare Part A start date will be retroactive to January 1 and their Part B will be effective July 1, as requested. In this situation, any contributions to an HSA will be disallowed effective January 1, the date that Medicare Part A became effective.

The maximum annual contribution to an HSA must be prorated based upon the number of months that a person is eligible to make contributions.



For Example:

If a person makes contributions during the first six months of the year and their Medicare is effective on July 1, they can deposit ½ of the annual HSA contribution limit. However, if Medicare Part B is effective on July 1 and Medicare Part A is effective on January 1 of that year, they will not be eligible to make any contribution for that year.

To avoid a tax penalty for excess HSA contributions when your Medicare Part A effective date will be retroactive, consider stopping new deposits to your HSA up to six months before your planned Medicare start date.

What Happens If I Deposit More Than The IRS Allows Into My HSA?

HSA contributions that are more than the IRS allowable amount are not tax deductible and are subject to a 6% excise tax. If you've contributed too much to your HSA, you can remove the excess contributions before federal income taxes are due. You'll pay the regular income taxes on the excess removed from your HSA, but no excise tax.

For More Information About HSAs

- Go to <https://www.irs.gov/forms-pubs/about-publication-969> or contact the trustee/institution that manages your account.

For More Information About Medicare

- <http://www.ssa.gov>
- <http://www.medicare.gov>

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