HSA Rules

MAXIMUM CONTRIBUTIONS

2025 Calendar Year
Single $4,300
Family $8,550
Age 55+ Catch Up Amount $1,000

2026 Calendar Year
Single $4,400
Family $8,750
Age 55+ Catch Up Amount $1,000

If you change between single and family during the year, the maximum contribution is calculated on a pro-rated basis.

HSA Eligibility Rules

The High Deductible Health Plan (HDHP) and the Health Savings Account (HSA) are two separate entities. HSA eligibility rules apply to the employee as the owner of the HSA account.
As the employee, you are eligible to open an HSA if:

- You are enrolled in the HDHP plan.
- You are not *enrolled* in any part of Medicare.
- You cannot be claimed as a dependent on someone else's tax return.
- You are not covered by any other non-HDHP insurance, which includes:
  - VA coverage other than for a service-connected disability
  - Tri-Care
  - Spouse's employer plan that is not another HDHP
  - Spouse's HRA, including OPERS Retiree HRA
  - Medicaid or other government provided coverage
  - Medical Reimbursement FSA/125/Flex plan, including spouse's FSA
    - You *may* have a Limited FSA (dental and vision only)
    - Any FSA roll over amount must be rolled to a Limited FSA
    - Any grace period must expire before opening an HSA account
- If you qualify for the HSA, you may enroll your spouse and/or children whether or not they have non-HDHP coverage (i.e., a PPO plan).

Reference IRS Publication 969

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HSA and MEDICARE

- If you are eligible for Medicare, but you do not enroll in any part, including Part A, you can continue to contribute to the HSA account.
- Part A is normally enrolled automatically at age 65. If you DECLINE Part A, you may continue contributions. If you do NOT DECLINE, whether you enroll in Part B or any other part of Medicare, you will be INELIGIBLE to continue making contributions to your HSA account.
- If you waive Medicare but then are enrolled with a RETROACTIVE date, any contributions after the retroactive effective date will be taxable. Medicare will automatically backdate Part A by six months or to your age 65, whichever is shorter. You will lose eligibility as of the Part A effective date, not the actual date you enrolled in Medicare. Part A effective date determines when you stop contributing to your account and the prorated maximum allowed for that final year (see below for more information).

Eligible Expenses

IRS Publication 502 outlines eligible expenses that can be paid from an HSA. HSA funds can be used to pay for out-of-pocket expenses for your tax dependents, whether they are enrolled on your HDHP or not. Children over age 18 may be covered under your HDHP regardless of student status, but if you are no longer claiming them as a tax dependent the IRS prohibits you from using your HSA funds to pay their claims.

Reference IRS Publication 502

Coordination of Benefits (Dual Coverage):

You as the employee can have dual coverage (coverage through the district's plan and through a spouse's employer plan) *only* if the spouse's plan is also an IRS qualified HDHP. However, if you have two family HDHP plans with HSAs, you can only contribute the family maximum between the two plans. The IRS does not allow each spouse to contribute the full family maximum; the maximum contribution between all the HSA accounts can only be the maximum family amount allowed for the calendar year, plus any allowed catch-up amount.

Termination of Employment/Retirement

When your benefits end, there are special rules governing the contributions for your final year. You are eligible to contribute the maximum for that year on a prorated basis. For example, if your benefits end on August 31 and you had coverage from January through August, the most you could contribute for that year is 8/12ths of the annual maximum.

Prorated maximum contribution amounts apply any time coverage under the HDHP ends mid-year, regardless of why the coverage ended.

Tax Filing with 1040

Once you have opened an HSA account, you will need to file a Form 8889 with your IRS 1040 each year. Your HSA bank will send a 1099 in January showing the amount withdrawn from your account for the year, and they will send a second 1099 after April 15 showing the total deposits, including any employer contribution, made for that year. Form 8889 reports all funds, pretax and post-tax, deposited in the account for the year, and all withdrawals, both tax-qualified, and any non-qualified expenses.

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