

# Frequently Asked Questions

## About Medicare and HSA

Enrolling in Medicare has a major impact on your ability to contribute to an HSA. It is important that you and your employer are on the same page and understand the consequences of Medicare enrollment.

### 1 Can I or my employer continue to contribute to my HSA if I am enrolled in Medicare?

No. An individual cannot be enrolled in Medicare and continue to have contributions made to their HSA.

### 2 Can I continue to contribute to my HSA if I am eligible to enroll in Medicare, but choose not to?

Yes. However, an individual is not eligible in any month during which such individual is both eligible for benefits under Medicare and enrolled to receive benefits under Medicare.

### 3 Can I continue to use my HSA dollars to pay for qualified medical expenses after I am on Medicare?

Yes. Individuals who cease to be eligible individuals may continue to be HSA holders and may continue to use HSA distributions to pay qualified medical expenses.

### 4 I have contributed too much to my HSA for the current tax year. What should I do?

If you've contributed too much to your HSA, you have until the tax deadline (generally April 15) of the following year to request an excess contribution removal. To do this, you will need to fill out an HSA Distribution Request Form that is found under Forms and Resources at [my.nyhart.com](http://my.nyhart.com).

### 5 I have contributed too much to my HSA for the current tax year but have already spent all of my HSA funds and am not able to request an excess contribution removal. What should I do?

When completing your taxes:

- Ineligible contributions made by the individual to the HSA would not be deductible from gross income and would instead be considered an excess contribution subject to a 6% excise tax on the contribution and any earnings;
- Ineligible contributions made by the individual's employer to the HSA would not be excludable from gross income and would instead be considered an excess contribution subject to a 6% excise tax on the contribution and any earnings.

### 6 I enrolled in Medicare on January 1, 2019. Why do I have to make a correction to my HSA contributions made in 2018?

The Social Security Administration has a "look back" period during which they provide six months' worth of back pay on your benefits retroactively from the time you began collecting Social Security. This look back period can cause you to become subject to penalty taxes on your HSA contributions unless those contributions end six months prior to Medicare enrollment.

### 7 How can I determine the maximum amount I can contribute to my HSA for a tax year?

Please see following page for guidance on calculating your personal contribution limit for an HSA.

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### Calculating contribution limits

HSA contribution limits are determined on a tax year basis. IRS rules that contribution limits must generally be prorated by the number of months you are eligible to contribute to an HSA. Your eligibility is based on your coverage status on the first day of the month.

To calculate your personal limit:

1. Take the total annual contribution limit based on your coverage type (individual or family).
2. Divide that amount by 12.
3. Multiply it by the number of months that you qualify that year.

For example, let's assume you were eligible to contribute to your HSA for 3 months next year. Your personal contribution limit would be:

$$\$3,500 \div 12 \times 3 = \$875$$

### Prorating and applying catch-up contributions for age 55 and up

Catch-up contributions are also subject to proration. An individual over the age of 55 must be eligible for 12 months to contribute the total annual catch-up contribution (\$1,000).

To calculate the catch-up contribution limit:

1. Take the total available catch-up contribution amount (\$1,000).
2. Divide that amount by 12.
3. Multiply it by the number of months that you qualify that year.

For example, let's assume you enrolled in Medicare on July 1 and were no longer eligible to contribute to an HSA. You would calculate the catch-up contribution as follows:

$$\$1,000 \div 12 \times 6 = \$500$$