

HSA Basics

Questions:	Answers:
What does HSA stand for?	Health Savings Account
Legal authority	Medicare Prescription Drug, Improvement, & Modernization Act of 2003 and supplemental guidance from the IRS.
Who is eligible?	Any Individual who is enrolled in a High Deductible Health Plan (HDHP). The member may not be enrolled in other general medical insurance coverage, a Flexible Spending Account (Unless Limited Purpose) or Medicare and may not be claimed as a dependant on another person's tax return (but may be a spouse filing jointly).
Who "owns" it?	The employee.
How is the HSA account funded?	Any employer contributions are deposited into the member's account. Individual voluntary contributions can be made directly to the account to bring the account to the maximum amount.
Will my balance be forfeited after a certain amount of time?	No. The balance can be carried forward to be used for future medical expenses.
Can unused amounts carry over from year to year?	Yes. The employee owns the account and any contributions made to it, regardless of the source or timing of the contribution.
What type(s) of corresponding health plans are allowed?	You may only contribute to an HSA when you are enrolled in an HSA-qualified High Deductible Health Plan (HDHP). For 2025, an HDHP has a minimum annual deductible of \$1,650 for Self and \$3,300 for Self and Family coverage and a maximum annual out of pocket limit of \$8,300 for Self and \$16,600 for Family.
Is the account portable?	Yes. The employee owns the account and keeps the account even if they change health plans or terminate employment.
Does interest accrue?	Yes. Interest accrues on a tax-free basis in qualified HSAs.
Who determines the contribution amount?	Any individual voluntary contributions plus any employer contributions may not exceed the total annual contributions allowed by the IRS. For 2025, the Maximum Contribution Amounts are \$4,300 for an individual and \$8,550 for a family.
Is there a "catch up" contribution provision for older workers?	Yes. Employees from ages 55 up to age 65 may contribute more to their account per year, until they are enrolled in Medicare (age 65). In 2025, an additional \$1,000 contribution is allowed. These contributions are in addition to the plan's deductible and are "above the line" deductions on the member's Federal income tax.
Will my salary contributions be a pre-tax reduction to fund my account?	Individual HSA contributions are either tax- deductible or pre-tax (if made by payroll deduction). See IRS Publication 969.
Must a medical expense be incurred during the plan year that the contribution is made?	No. However, no reimbursements can be made for expenses incurred prior to the establishment of the account.
Is the annual amount of the contribution available on the first day of coverage?	No. Only the amount of the accumulating health plan monthly "premium pass through" and the individual's voluntary contributions to date are available for reimbursement.
Is proof of expenses required?	No. The member should be prepared to substantiate to the IRS the expense has been incurred, the amount of the expense, and its eligibility.