

HSA

FREQUENTLY ASKED QUESTIONS

Thank you for choosing **MEDSURETY** to be your HSA provider. We want to make it easy for you to manage and maintain your **Health Savings Account**, so we've provided you with these frequently asked questions about Health Savings Accounts (HSA).

ELIGIBLE EXPENSES

Healthcare costs that qualify for payment using HSA funds include:

- Doctor Visits (including co-pays, deductibles, co-insurance, etc.)
- Dental and Vision Services
- Chiropractic Care
- Prescriptions
- Other expenses may also be eligible.

A list of HSA Eligible Expenses is available on the IRS website: www.irs.gov in [IRS Publication 502](#).

Health Savings Account FAQs

1. What is a Health Savings Account (HSA)?

A Health Savings Account (HSA) is a tax-advantaged savings account designed to help you pay for eligible medical expenses. It functions similarly to a traditional Individual Retirement Account (IRA), but is specifically intended for health care costs. An HSA allows you to pay for current qualified expenses and save for future medical and retiree health care needs on a tax-favored basis.

HSAs offer triple-tax advantages: contributions, investment earnings, and qualified withdrawals are all exempt from federal income tax, FICA (Social Security and Medicare) tax, and most state income taxes.

Unlike other health accounts, unused HSA funds roll over year to year. You own the account, so it stays with you even if you change medical plans, change jobs, or retire.

Funds not needed for near-term expenses can be invested—often in mutual funds, money market accounts, or similar options—giving your savings the opportunity to grow. Investment options vary, so check with your HSA provider for details.



To be eligible to open and contribute to an HSA, you must be covered by a qualified High-Deductible Health Plan (HDHP).

2. How does an HSA work?

- ⊕ To contribute to an HSA, you must be enrolled in a qualified High-Deductible Health Plan (HDHP) and have no other first-dollar coverage—meaning no other insurance that pays benefits before your deductible is met.
- ⊕ You may use your HSA to help pay for medical expenses covered under a High-Deductible Health Plan, as well as other common qualified medical expenses.
- ⊕ Unused HSA funds remain in your account for future use and may be invested in a choice of investment options, providing the opportunity for funds to grow. Check with your financial institution to see if this is an option for your account.

HSAs work in conjunction with an HDHP. All the money you (or your employer) deposit into your HSA—up to the maximum annual contribution limit—is 100% tax-deductible from federal income tax, FICA (Social Security and Medicare) tax, and, in most states, state income tax. This makes HSA dollars tax-free. You can use these tax-free dollars to pay for expenses not covered under your HDHP until you have met your deductible.

The insurance company pays covered medical expenses above your deductible, except for any coinsurance; you can pay coinsurance costs with tax-free money from your HSA. In addition, you can use your HSA tax-free dollars to pay for qualified medical expenses not covered by the HDHP, such as dental, vision, and alternative medicine.

Contributions

Tax-free contributions to your HSA can be made in a variety of ways, including:

- ⊕ Online transfers – transfer funds directly to your HSA from your linked personal savings or checking account
- ⊕ Sending a check to [Partner] for deposit into your HSA
- ⊕ Rolling over or transferring funds from an existing IRA (Individual Retirement Account) to an HSA (one time only) ble through your employer

Distributions

Distributions from your HSA are used to pay for qualified medical expenses. This can be done by the following methods:

- ⊕ Paying for purchases and medical services using your [Partner Debit Card – if applicable]
- ⊕ Using online bill pay through your online HSA portal



- ✚ Requesting self-reimbursement through the online portal when you have already paid out-of-pocket for qualified expenses
- ✚ Paying with an HSA check

How It Works

Your Health Savings Account allows you to save pre-tax income that you can use to pay for qualified short- and long-term medical expenses. It complements your High-Deductible Health Plan, giving you an additional method to save specifically for healthcare costs.

3. Who can have an HSA?

You must be:

- ✚ Covered by a qualified high-deductible health insurance plan
- ✚ Not covered under other health insurance
- ✚ Not enrolled in Medicare; and
- ✚ Not claimed as another person's dependent

Exceptions: Other health insurance does not include coverage for the following: accidents, dental care, disability, long-term care, and vision care. Workers' compensation, specified disease, and fixed indemnity coverage are also permitted.

4. How much can I contribute to my HSA?

For 2026, the maximum contribution for an eligible individual with self-only coverage is \$4,400, and the maximum contribution for an eligible individual with family coverage is \$8,750.

Individuals who are eligible on the first day of the last month of the taxable year (December for most taxpayers) are allowed the full annual contribution (plus the catch-up contribution, if age 55 or older by year-end), regardless of how many months they were eligible during the year.

- ✚ HSA holders can contribute up to **\$4,400** for individual coverage and **\$8,750** for family coverage. Those ages 55 and older can contribute an additional \$1,000. These contributions are 100% tax-deductible from gross income.
- ✚ The minimum annual deductible is **\$1,700** for self-only coverage and **\$3,400** for family coverage.
- ✚ Annual out-of-pocket expenses (including deductibles, copayments, and other amounts, but not premiums) may not exceed **\$8,500** for self-only coverage and **\$17,000** for family coverage.



	Minimum Deductible	Maximum Out-of-Pocket	Contribution Limit	55+ Contribution
Single	\$1,700	\$8,500	\$4,400	\$1,000
Family	\$3,400	\$17,000	\$8,750	\$1,000

* Catch-up contributions are allowed for those greater than 55 years of age (\$1,000 in 2026). Catch-up contributions can be made at any time during the year in which the HSA participant turns 55.

For more detailed information on HSAs and taxes, visit the U.S. Department of Treasury website at www.ustreas.gov or talk with your tax advisor.

5. What is a High-Deductible Health Plan (HDHP)?

With a high-deductible health plan (HDHP), you have the security of comprehensive health care coverage. Like a traditional plan, you are responsible for paying qualified medical expenses up to the in-network deductible; however, the deductible is higher, and you can use HSA funds to pay for these costs.

Once the annual deductible is met, you are responsible only for a portion of your medical expenses through coinsurance or copayments, similar to a traditional health plan.

For 2026, the minimum HDHP deductible by law is **\$1,700** for individuals and **\$3,400** for families.

The maximum out-of-pocket expenses for 2026 (including deductibles and copayments, but not premiums) are **\$8,500** for individuals and **\$17,000** for families.

Deductible and out-of-pocket maximum amounts are indexed annually for inflation by the IRS and the U.S. Department of Treasury.

6. How do I know if my health plan is a “qualifying (or qualified)” high-deductible health plan (HDHP)?

Your health insurer or employer can verify the status of your coverage. Additionally, the terms “qualified high-deductible health plan” or a reference to IRC (Internal Revenue Code) Section 223 will typically appear on the declaration page of your policy or in another official communication from the insurance company.

An HDHP is a health insurance plan that generally does not cover the first several thousand dollars of health care expenses (i.e., your “deductible”) but provides coverage after that amount is met.



When selecting an HDHP, it is important to have your insurance carrier verify and confirm that the plan meets IRS requirements to ensure your HSA remains eligible.

7. How do HSAs differ from health care Flexible Spending Accounts (FSAs)?

Both HSAs and FSAs allow you to pay for qualified medical expenses using pre-tax dollars. One key difference, however, is that HSA balances roll over from year to year, while FSA funds are subject to a “use-it-or-lose-it” rule, with a limited carryover of up to \$660 into the following plan year OR a grace period, depending on your plan.

You may choose to use a Limited Purpose FSA to pay for eligible dental and vision care expenses, allowing you to preserve your HSA funds for future health care needs. Limited Purpose FSA dollars can be used to reimburse yourself for out-of-pocket expenses not covered by your high-deductible health plan, such as:

- ⊕ **Vision expenses**, including: Glasses, frames, contact lenses, prescription sunglasses, goggles, vision copayments, optometrist or ophthalmologist fees, and corrective eye surgery
- ⊕ **Dental expenses**, including: Dental care, deductibles and copayments, braces, x-rays, fillings, and dentures

8. What are the tax advantages of owning an HSA?

Triple Tax Savings:

- ⊕ Contributions are tax-free
- ⊕ Earnings grow tax-free
- ⊕ Withdrawals are tax-free when used for eligible medical care expenses

Three Types of Tax-Favored Contributions:

- ⊕ Employee contributions that are above-the-line (i.e., deductible even if you don't itemize deductions)
- ⊕ Employer contributions that are excluded from income and employment taxes
- ⊕ Salary reduction contributions made through a Section 125 cafeteria plan

All three types of contributions are exempt from federal income tax. Employer contributions and salary reduction contributions (via a Section 125 plan) are also exempt from FICA and FUTA taxes.

9. Why is my employer offering an HSA in conjunction with a qualified HDHP?



Offering an HSA is an excellent way to help you save for future medical expenses and pay for current expenses with tremendous tax advantages.

10. May I have more than one HSA?

Yes, you may have more than one HSA and contribute to all of them, as long as you are currently enrolled in a high-deductible health plan (HDHP). However, this does not provide any additional tax advantages, as the combined contributions to all accounts cannot exceed the annual contribution limit. This total includes contributions from your employer, family members, or anyone else.

11. Can I get an HSA even if I have other insurance that pays medical bills?

You are only allowed to have auto, dental, vision, disability, and long-term care insurance alongside a high-deductible health plan (HDHP). You may also have coverage for a specific disease or illness, as long as the policy pays a fixed dollar amount when triggered.

12. Can my HSA be used to pay premiums?

No, this would be considered a nonmedical withdrawal and would be subject to income taxes and a penalty.

Exceptions: No taxes or penalties apply if the funds are used to pay premiums for:

- ✖ Qualified long-term care insurance
- ✖ Health insurance while receiving federal or state unemployment compensation
- ✖ Continuation coverage (such as COBRA) required under federal law
- ✖ Medicare premiums

13. Can I use the money in my HSA to pay for medical care for a family member?

Generally, yes. Qualified medical expenses include unreimbursed medical expenses incurred by the accountholder, their spouse, or dependents.

14. What is a qualified medical expense?

A qualified medical expense is one for medical care as defined by Internal Revenue Code Section 213(d). These expenses must be primarily to alleviate or prevent a physical or mental defect or illness, including dental and vision care. Most medical care expenses will fall under IRC Section 213(d).

However, some expenses do not qualify. Examples include:

- ✖ Surgery for purely cosmetic reasons
- ✖ Health club dues



- ✖️ Illegal operations or treatments
- ✖️ Maternity clothes
- ✖️ Toothpaste, toiletries, and cosmetics

In general, HSA funds cannot be used to pay insurance premiums.

For more information, refer to IRS Publications 502 (“Medical and Dental Expenses”) and 969 (“Health Savings Accounts and Other Tax-Favored Health Plans”).

15. What happens to my HSA if I quit my job or otherwise leave my employer?

Your HSA is portable. This means you can take your HSA with you when you leave your job and continue to use the funds you have accumulated. Funds left in your account continue to grow tax-free. If you are covered by a qualified HDHP, you can even continue to make tax-free contributions to your HSA.

Distributions from your HSA used exclusively to pay for qualified medical expenses for you, your spouse, or dependents are excluded from your gross income. Your HSA funds can be used for qualified expenses even if you are not currently eligible to make contributions to your HSA.

16. How and when can money be taken out of an HSA?

Account holders may make a withdrawal (also known as a distribution) at any time.

Distributions used for qualified medical expenses not covered by the high-deductible health plan are tax-free. Distributions can be requested [through your online account](#).

Unless individuals are disabled, age 65 or older, or deceased during the year, they must pay income taxes plus an additional percentage (determined by the IRS) on any amount not used for qualified medical expenses. Individuals who are disabled or reach age 65 can receive non-medical distributions without penalty but must report the distribution as taxable income.

17. When are the HSA funds distributed into my account?

Funds are distributed into your Health Savings Account (HSA) on the next business day following your payroll date. For example, if your payroll date is on a Friday, the corresponding funds will be deposited into your account on the subsequent Monday, provided that Monday is a regular business day.

However, if a holiday occurs on the payroll date or the following business day, the distribution of funds will be delayed. In such cases, the funds will be processed and made available on the next business day when banking operations resume.



18. How are distributions from my HSA taxed after I am no longer eligible to contribute?

If you are no longer eligible to contribute because you are enrolled in Medicare or no longer covered by a qualified HDHP, distributions used exclusively to pay for qualified medical expenses remain free from federal taxes, excluded from your gross income, and are generally exempt from state taxes (in most states).

19. What happens to the money in my HSA after I reach age 65?

At age 65 and older, your funds continue to be available without federal taxes or state tax (for most states) for qualified medical expenses; for instance, you may use your HSA to pay certain insurance premiums, such as Medicare Parts A and B, Medicare HMO, or your share of retiree medical coverage offered by a former employer. Funds cannot be used tax-free to purchase Medigap or Medicare supplemental policies.

If you use your funds for qualified medical expenses, the distributions from your account remain tax-free. If you use the monies for non-qualified expenses, the distribution becomes taxable, but exempt from the 20 percent penalty. With enrollment in Medicare, you are no longer eligible to contribute to your HSA. If you reach age 65 or become disabled, you may still contribute to your HSA if you have not enrolled in Medicare.

MORE HELPFUL INFORMATION

On the **Home Page**, under the **Links** tab, you may find links that connect you to helpful information supplied by **MEDSURETY**. These may be links to your company or MEDSURETY's website or to other valuable resources that enable you to manage your healthcare more effectively.

You can also find additional information on Health Savings Accounts at the following resource:

❖ U. S. Department of the Treasury – [Health Savings Accounts \(HSAs\)](#)

MEDSURETY Support Info:

If you have any further questions about your account or the HSA online portal, please contact us:

www.MEDSURETY.com

PH: 952.303.5700 | TF: 888.816.4234
FX: 952.856.2656

4350 Baker Rd | Suite 350
MINNETONKA, MN 55343

