



2025

Considerations For the High Deductible Health Plan (HDHP) and Health Savings Account (HSA)

What Happens If I Move from an FSA to an HSA?

- ▶ If you enroll in the HDHP on 04/01/25, you can continue to utilize your Healthcare FSA for the remainder of 2025. You will not be eligible to contribute to the HSA until 01/01/26. However, in order to enroll in the HSA 01/01/26, you must exhaust, or forfeit, your Healthcare FSA funds by 12/31/25. One of the incentives of enrolling in the HDHP on 04/01/25 is that you will pay lower premiums for your healthcare coverage for the remainder of 2025.
- ▶ If your spouse is enrolled in a Healthcare FSA and you file taxes jointly, the FSA funds should be depleted by 12/31/25 in order to open an HSA for 2026.
- ▶ Please keep in mind that any progress you make in satisfying your deductible and out-of-pocket maximum will carry over and be applied to the HDHP.
- ▶ Please note that utilizing a Dependent Care FSA does not affect your eligibility to contribute to an HSA.

What Happens If I Am Enrolling in Medical Coverage for the First Time?

- ▶ If you are not enrolled in medical coverage, you have the option to enroll in the HDHP and contribute to an HSA.
- ▶ Mid-year HSA Enrollment will result in proration of the maximum allowable contribution. This is determined by the number of months enrolled in the HDHP. The prorated contribution limit is determined by dividing the annual contribution limit by 12 and multiplying that number by the number of months enrolled in an HDHP.
 - ▷ For example, if you enroll 04/01/25 into the HDHP and elect the HSA, your maximum contribution limit would be \$3,225 for single coverage and \$6,412.50 for family coverage.
 - ▷ If you are age 55+, and you enroll 04/01/25, your maximum contribution limit would be \$3,975 for single coverage and \$7,162.50 for family coverage.

Remember!

- ▶ The IRS does not allow individuals to contribute to both a Healthcare FSA and an HSA.
- ▶ If you or your spouse currently have a Healthcare FSA and would like to enroll in the HDHP, you will need to wait until 01/01/26 to start contributing to the HSA.
- ▶ Your FSA funds should be depleted by 12/31/25. Any funds that remain will be forfeited to the plan if you wish to contribute to an HSA in 2026.

HSA Eligibility Rules

- ▶ To open an HSA, you must be enrolled in a qualifying high-deductible health plan (HDHP) or in this case SIH's HDHP and meet other IRS eligibility requirements.
- ▶ You cannot be covered by any other health plan which is not an HDHP.
- ▶ You cannot be currently enrolled in Medicare (including Medicare Part A), Medicaid, or Tricare.
- ▶ You cannot be claimed as a dependent on another individual's tax return.

HSA & Medicare

- ▶ When you enroll in Medicare (including Medicare Part A), you are no longer eligible to contribute to an HSA, however, you may continue to use your funds for eligible expenses, including Medicare Premiums.
- ▶ If you are already enrolled in Medicare (including Medicare Part A), you are not eligible to open an HSA.

