

HSA & Medicare: Frequently Asked Questions

Why am I receiving this information?

You are receiving this information because you are age 64½ or older, which is an important milestone for Medicare eligibility and Health Savings Account (HSA) rules. At this stage, certain Medicare enrollment decisions may impact whether you (and the University) can continue making HSA contributions.

Can I contribute to an HSA if I'm eligible for Medicare?

Yes. Simply being eligible for Medicare does not, by itself, make you ineligible to contribute to an HSA.

You may continue to contribute to an HSA as long as all of the following are true:

- You are covered by a qualified High Deductible Health Plan (HDHP)
- You are not enrolled in any part of Medicare (Part A, Part B, Part D, or a Medicare Advantage plan)
- You are not covered by other disqualifying health coverage
- You are not claimed as a dependent on someone else's tax return

Once you are enrolled in any part of Medicare, you are no longer eligible to make or receive HSA contributions.

What is the 6-month Medicare “lookback” rule and why does it matter?

When you enroll in Medicare Part A after age 65, coverage may be applied retroactively for up to six months (but no earlier than the month you turned 65).

Because of this:

- HSA contributions should stop at least six months before you apply for Medicare
- Contributions made during the retroactive period may be considered excess contributions, even if you were not yet actively enrolled when the contributions were made

Does receiving Social Security affect Medicare enrollment?

Yes. If you are receiving Social Security benefits at age 65, you are automatically enrolled in Medicare Parts A and B.

If you are not receiving Social Security, you must actively enroll in Medicare. This means not everyone who turns 65 is automatically enrolled, but once enrollment occurs, HSA contributions must stop.

What happens when I enroll in Medicare?

Once Medicare enrollment begins:

- You must stop making HSA contributions, including payroll deductions
- Employer HSA contributions must also stop

Continuing contributions after Medicare enrollment may result in excess HSA contributions and potential tax consequences.

What happens if I've been contributing to an HSA but shouldn't have?

If you (or your employer on your behalf) made HSA contributions during a period when you were not eligible—such as after enrolling in Medicare—you may have what the IRS calls **excess contributions**. There are steps you can take to address this.

What should I do first?

You should:

- **Stop future HSA contributions immediately**, including payroll and employer contributions, and
- Confirm your Medicare enrollment date (including any retroactive coverage).

HR can assist with stopping or changing payroll contributions in Workday, but eligibility determinations are the individual's responsibility.

Can excess HSA contributions be corrected?

Often, yes. You may be able to request a **removal of excess contributions** through your HSA administrator. This typically involves withdrawing:

- The excess contribution amount, and
- Any earnings associated with those contributions.

Timing matters, so it's important to act promptly.

Will there be tax consequences?

Possibly. Excess HSA contributions may be subject to income tax and an IRS excise tax for each year the excess remains in the account. The actual impact depends on your individual situation and whether the excess is corrected.

Who can help me fix this?

Because this involves personal tax matters, we strongly encourage you to consult with a **tax advisor**, or our **HSA administrator**, who can explain correction options and required forms.

Can HR correct this for me or tell me what to do for tax purposes?

HR can:

- Share general information about HSA and Medicare rules
- Help you stop or change payroll contributions in Workday

HR cannot provide individual tax advice or confirm an employee's HSA eligibility, which depends on personal circumstances.

I'm over 65 but still working; can I contribute to an HSA?

You may continue contributing **only if you are not enrolled in any part of Medicare**. Once Medicare enrollment begins, HSA contributions must stop.

Also remember: **Medicare Part A coverage can be retroactive for up to six months**, so HSA contributions should stop at least six months before you apply for Medicare.

Where can I get more information?

- Your HSA administrator (for corrections and account questions)
- A trusted tax advisor
- Medicare resources (for enrollment timing and coverage details)

Key Reminder:

HSA eligibility is ultimately the individual's responsibility. While the University aims to provide timely education and support, decisions related to Medicare enrollment and HSA contributions should be made in consultation with personal tax or financial advisors.