



Health Savings Accounts (HSAs)

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Health Savings Accounts (HSAs)

A health savings account (HSA) is a tax-exempt or custodial account set up with a qualified HSA trustee to pay or reimburse certain medical expenses incurred by you, your spouse, and your qualified dependents. The medical expenses must not be reimbursable by insurance or other sources, and distributions from HSA funds will not give rise to a medical expense deduction on your tax return.

Qualifying for an HSA

To be eligible, you must meet the following requirements.

- Must be covered under a high deductible health plan (HDHP).
- Cannot have any other health coverage. **Exception:** Coverage for specific things, such as disability, dental care, vision care, telehealth visits, and long-term care, can be purchased in addition to the HDHP without disqualifying the HSA.
- Cannot be enrolled in Medicare.
- Cannot be eligible to be claimed as a dependent on someone else's tax return.

Last-Month Rule

If you are an eligible individual on the first day of the last month of your tax year (December 1 for most taxpayers), you are considered to be eligible for the entire year. Special rules apply if you do not remain an eligible individual during a full 12-month period. Exceptions apply in case of death or disability.

Spousal HSAs

The HSAs cannot be joint accounts. You and your spouse must each open a separate account. However, if only one has an account, the funds in that account can be used to pay

for expenses incurred by the other spouse, as well as your other family members.

High Deductible Health Plan (HDHP)

An HDHP can provide for preventive care benefits without a deductible or with a deductible below the minimum limit (\$1,500 for 2023 self-only coverage and \$3,000 for 2023 family coverage). Family HDHP coverage covers an eligible individual and at least one other person.

Prescription Drug Plans

An HDHP can include a prescription plan as long as it does not provide benefits until the minimum annual deductible has been met.

Family Plans with Deductibles for Both Family and Individuals

Some family plans have deductibles for both the family as a whole and for individual family members. If either the deductible for the family as a whole, or the deductible for an individual family member, is below the minimum annual deductible for family coverage, the plan does not qualify as an HDHP.

Example: Joe has family health insurance coverage in 2023. The annual deductible for the family plan is \$4,500. His plan also has an individual deductible of \$2,000 for each family member. His plan does not qualify as an HDHP because the deductible for an individual family member is below the minimum annual deductible (\$3,000) for family coverage.

Other Health Coverage

You (and your spouse if holding family coverage) generally cannot have any other health coverage that is not an HDHP. You can still be eligible even if your spouse has non-HDHP coverage, provided you are not covered by that plan.