

The benefits of an HSA

Available only for SISC members enrolling in an HSA Compatible Plan

Planning for health care expenses is not only about money. It is about you. A health savings account (HSA) can help you meet your personal goals and help you reach them on your own terms.

What is an HSA?

An HSA offers tax-free savings for the qualified medical expenses of “eligible individuals” and their dependents. An “eligible individual” or HSA owner is someone covered under an HSA-compatible, High-Deductible Health Plan (HDHP) who is not covered under a non-HDHP or Medicare plan and not claimed as a dependent on another’s tax return. To see a list of qualified medical expenses go to www.irs.gov/publications/p502.

HSA advantages

- HSA contributions are tax-deductible.
- Interest on an HSA is tax-deferred.
- HSAs are portable and owned by the individual, meaning, you can take any money left in the account with you if you leave your employer and continue to use the HSAs.
- HSA holders 55 and older can save an extra \$1,000, which means \$4,600 for an individual and \$8,200 for a family for 2021.
- Unspent balances from one year roll over to the following year and can accumulate over a lifetime to help pay for uncovered Medicare expenses after retirement.
- In the event of the HSA holder’s death, HSA balances pass on free of tax to their spouse, if the spouse is the named beneficiary.

We are here to support you

For guidance about your health benefits, programs, and services, visit sisc.kern.org/hw/member-resources.



Frequently asked questions

Q: Who can contribute to an HSA?

A: The HSA is funded by contributions from the employee, employer, or both.

Q: What is the maximum amount that can be contributed to an HSA?

A: \$3,600 for an individual and \$7,200 for a family for 2021.

Q: How does the HSA plan work?

A: Money in the HSA can be used to pay for covered qualified medical expenses and prescriptions not paid by the HDHP. The HSA dollars used apply toward the plan’s annual deductible. If all of the dollars are not spent, the money remaining in the account will roll over to the following year.

Q: Can I enroll in an HSA if I currently have a general purpose medical FSA?

A: If you or your spouse participates in a general purpose flexible spending account (FSA), you would not be eligible for an HSA. According to the Internal Revenue Service (IRS), a general purpose FSA is considered “other insurance.” You may be eligible for an HSA the following year, assuming you or your spouse are no longer participating in a general purpose FSA.

Q: Who do I contact to set up an HSA?

A: SISC does not handle HSAs so if you would like to set one up, contact any insured bank, credit union, or other entity that meets the IRS standards for being a trustee or custodian for an individual retirement account (IRA) or Archer Medical Savings Accounts (MSA).

Q: Are there any minimum yearly deductibles required by law?

A: Yes. Minimum yearly deductibles required by law are \$1,400 for individual coverage and \$2,800 for family coverage.

Q: Are there yearly out-of-pocket expense limits?

A: Yes. Yearly out-of-pocket expenses (deductibles, copays, and other amounts, but not premiums) cannot exceed \$7,000 for individual coverage and \$14,000 for family coverage in 2021.

HSA eligibility and contribution limits

How these limits are determined for married individuals

This table assumes that all other HSA eligibility requirements have been established and neither spouse has any other accident and health type coverage.

	Employee: No coverage of any kind	Employee: Self-only non-HDHP coverage	Employee: Self-only HDHP coverage	Employee: Family non-HDHP coverage	Employee: Family HDHP coverage
Legal spouse: No coverage of any kind	Cannot establish an HSA.	Cannot establish an HSA.	Employee is an eligible individual and can establish an HSA. The maximum contribution is the self-only contribution amount. Legal spouse cannot establish an HSA.	Cannot establish an HSA.	Employee is an eligible individual and can establish an HSA. The maximum contribution is the family contribution amount. Legal spouse cannot establish an HSA.
Legal spouse: Self-only non-HDHP coverage	Cannot establish an HSA.	Cannot establish an HSA.	Employee is an eligible individual and can establish an HSA. The maximum contribution is the self-only contribution amount. Legal spouse cannot establish an HSA.	Cannot establish an HSA.	Employee is an eligible individual and can establish an HSA. The maximum contribution is the family contribution amount. Legal spouse cannot establish an HSA.
Legal spouse: Self-only HDHP coverage	Legal spouse is an eligible individual and can establish an HSA. The maximum contribution is the self-only contribution amount. The employee cannot establish an HSA.	Legal spouse is an eligible individual and can establish an HSA. The maximum contribution is the self-only contribution amount. The employee cannot establish an HSA.	The employee and legal spouse are both eligible individuals and each can establish an HSA. The maximum contribution for each is the self-only contribution amount.	If legal spouse is not covered by employee's coverage, legal spouse is eligible to establish an HSA. The maximum contribution is the self-only contribution amount. If legal spouse is covered by the employee's benefits, the legal spouse cannot establish an HSA. The employee cannot an HSA.	Employee and legal spouse are both eligible individuals and can establish HSAs. They are treated as having only family coverage. The maximum contribution is the family contribution amount, to be divided between them by agreement.
Legal spouse: Family non-HDHP coverage	Cannot establish an HSA.	Cannot establish an HSA.	If employee is not covered by legal spouse's coverage, employee is eligible to establish an HSA. The maximum contribution is the self-only contribution amount. If the employee is covered by the legal spouse's coverage, the employee cannot establish an HSA. Legal spouse cannot establish an HSA.	Cannot establish an HSA.	If the employee is not covered by the legal spouse's coverage, the employee is eligible to establish an HSA. The maximum contribution is the family contribution amount. If the employee is covered by the legal spouse's coverage, the employee cannot establish an HSA. The legal spouse may not establish an HSA.
Legal spouse: Family HDHP coverage	Legal spouse is an eligible individual and may establish an HSA. The maximum contribution is the family contribution amount. The employee cannot establish an HSA.	Legal spouse is an eligible individual and may establish an HSA. The maximum contribution is the family contribution amount. Employee cannot establish an HSA.	Employee and legal spouse are both eligible individuals and may establish HSAs. They are treated as having only family coverage. The maximum combined contribution by employee and legal spouse is the family contribution amount, to be divided between them by agreement.	If legal spouse is not covered by the employee's benefits, the legal spouse is eligible to establish an HSA. The maximum contribution is the family contribution amount. If legal spouse is covered by employee's coverage, the legal spouse cannot establish an HSA. Employee cannot establish an HSA.	Employee and legal spouse are both eligible individuals and can establish HSAs. The maximum combined contribution by employee and legal spouse the family contribution amount, to be divided between them by agreement.