What’s a Health Savings Account?

A Health Savings Account (HSA) is a type of personal savings account you can set up to pay certain health care costs. An HSA allows you to put money away and withdraw tax free, as long as you use it for qualified medical expenses. You’re eligible to contribute to an HSA when you’re covered by certain high deductible health plans (HDHPs). You can’t contribute to an HSA if you have Medicare coverage, or a plan that pays its share of a covered service without you having to pay deductibles or copayments first (called first dollar coverage).

HSAs are offered through a bank, insurance company, or other financial institution. The money you contribute to the account isn't taxed as long as it’s used for your out-of-pocket medical costs, like:

- Doctor’s visits
- Prescription drugs
- Acupuncture
- Ambulance costs
- Hearing aids
- Psychological therapy/psychiatric care
- Qualified long-term care services

In some cases, you can spend the money on similar medical costs for your spouse and/or dependents, and your money rolls over year-to-year if you don’t spend it.

Generally, HSA-eligible plans are available through the Marketplace, Small Business Health Options Program (SHOP), or outside of the Marketplace. HSA-eligible plans are also available in most states that use HealthCare.gov. You can find out if your state has HSA-eligible plans through “See Plans & Prices” at HealthCare.gov/see-plans, or when you apply for health coverage.

How can I find an HSA-eligible plan on HealthCare.gov?

When shopping for plans in the Marketplace, look for “HSA-eligible.” This means you may be able to use an HSA with that plan.
**What are the benefits of an HSA?**

- **No federal income tax.** You're not taxed on money you put into, or on interest earned, in an HSA account. You also pay no tax on withdrawals for qualified medical expenses. **Note:** Generally, you can't treat insurance premiums as qualified medical expenses.

- **No expiration date on funds.** Your HSA contributions don’t expire. The money stays in the HSA until you use it.

- **Can use for spouse and dependents.** In some cases, you can use your HSA to pay for qualified medical expenses for your spouse and dependents, even if they’re not covered by the HDHP.

- **Can keep the HSA if job changes.** You can keep your HSA even if you change employers or retire.

**How do HSA contributions and withdrawals work?**

You may contribute to your HSA only when you’re enrolled in a qualified HDHP with no other coverage that disqualifies you. Anyone can contribute to your HSA, like family members, friends, and employers. The table below shows the maximum amounts you can put into an HSA in 2019 and 2020. These limits may depend on the type of HDHP coverage you have (self-only or family), your age, and when you qualified for an HSA.

If you're 55 or older, you can contribute an extra $1,000 to your HSA each year. This is called a “catch-up” contribution. If your spouse is also 55 or older, your spouse can't put their catch-up contribution into your HSA. If your spouse has their own HSA, they can make a catch-up contribution to that account, if eligible.

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<th>Limits on HSA contributions in 2019 and 2020</th>
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<td>HSA contribution limits per year</td>
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<td>HSA “catch-up” contributions (55 or older) per year</td>
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The money you take from your HSA to pay for or be reimbursed for qualified medical expenses is tax free. If you take money before you’re 65 from your HSA for non-medical costs, or medical costs that don’t qualify as an HSA cost before 65, you’ll have to pay the federal income tax and a 20% tax penalty. If you take funds from your HSA after you’re 65 for non-medical costs, you won’t have to pay the 20% tax penalty, but you’ll still have to pay the federal income tax on that amount.

If you're no longer enrolled in an HSA-eligible plan, you can no longer contribute to your HSA. However, you may continue withdrawing money from your HSA at any time to pay for qualified medical expenses without paying taxes on withdrawals.
Likewise, you can no longer contribute to your HSA when you enroll in any part of Medicare. But, you may withdraw money from your HSA at any time to help pay for qualified medical expenses that Medicare or Medicare supplemental coverage doesn't cover.

Keep receipts for medical expenses paid for using HSA withdrawals. You’ll need them to show the HSA money was only used to pay or reimburse qualified medical expenses. It’s your responsibility to keep records of your medical costs and decisions, in case you’re audited by the Internal Revenue Service (IRS).

**How can I determine how much a medical procedure will cost me?**

Ask your health care provider and/or insurance company about the charge and allowed amount for qualified medical expenses, procedures, and prices. You can also check your health plan documents, like your “Summary of Benefits and Coverage,” for more information.

**Where can I get more information about HSAs?**

Visit HealthCare.gov/high-deductible-health-plan to learn more about HSAs.

You have the right to get Marketplace information in an accessible format. You also have the right to file a complaint if you feel you’ve been discriminated against. Visit CMS.gov/about-cms/agency-information/aboutwebsite/cmsnondiscriminationnotice.html, or call the Marketplace Call Center at 1-800-318-2596 for more information. TTY users can call 1-855-889-4325.