

Medicare and Health Savings Accounts

Frequently Asked Questions

Turning 65 does not automatically end your eligibility to contribute to a Health Savings Account (HSA). Enrolling in Medicare does. These FAQs explain how Medicare affects HSA contributions, how to plan ahead, and how you can continue using your existing balance.

1. Can I contribute to an HSA after I turn 65?

Yes, if you remain eligible. You must have HSA-qualified medical coverage, such as the BMC HSA Medical Plan, have no disqualifying additional coverage, and not be eligible to be claimed as someone else's tax dependent. You cannot contribute for months when you have Medicare coverage, including Part A only.

Being eligible for Medicare is different from being enrolled. Confirm your Medicare coverage status and effective date with Social Security before making HSA contributions.

2. When should I stop HSA contributions if I plan to enroll in Medicare?

Your HSA contribution limit is zero beginning with the first month of Medicare coverage. This applies to your contributions and BMC contributions, including matching and seed contributions, and to any months of retroactive Medicare coverage.

If you apply for premium-free Part A after age 65, your coverage can be backdated up to six months, but no earlier than your first month of Medicare eligibility. If you delay Medicare, plan to stop contributions six months before applying for Medicare or Social Security benefits. Confirm your effective date with Social Security and coordinate with the BMC Benefits Center to stop employee and company contributions.

If Medicare begins when you first become eligible at 65, you do not automatically need to stop contributions six months earlier. Your last eligible month is generally the month before Medicare coverage starts. Special timing applies if your birthday is on the first day of a month.

3. Can I delay Medicare and keep contributing while I am working?

Yes, if you remain HSA-eligible and are not enrolled in Medicare. Coverage based on your or your spouse's current employment may allow you to delay Medicare without a late enrollment penalty. Confirm how your coverage works with BMC and Medicare before deciding. COBRA and retiree coverage do not provide the same Part B enrollment protections as coverage based on current employment.

4. How do Social Security benefits affect my HSA eligibility?

Receiving Social Security benefits can trigger automatic Medicare enrollment when you become eligible. Applying for Social Security after 65 can also trigger retroactive Part A coverage. You cannot assume that delaying Part B alone preserves your HSA contribution eligibility; Part A coverage also makes you ineligible.

Before applying for Social Security or Medicare, ask Social Security to confirm when Medicare coverage will begin and whether it will be retroactive. Use that date to plan when HSA contributions must stop.

5. I already enrolled in Part A. Can I cancel it to keep contributing to my HSA?

Contact Social Security before taking action. Whether you can withdraw an application, and what you must repay, depends on your circumstances, including whether you receive Social Security benefits. Withdrawal rules may include deadlines, limits, and repayment of benefits and Medicare-paid claims. Do not resume HSA contributions unless Social Security confirms that your Medicare entitlement has been withdrawn and you otherwise meet HSA eligibility requirements. Simply stopping Social Security payments or declining Part B does not establish that Part A coverage has ended.

6. How much can I contribute for the year Medicare begins?

Your annual HSA contribution limit is generally prorated based on the months you were eligible on the first day of the month, your coverage level, and any applicable age-55 catch-up contribution. Employee and employer contributions count toward the limit. Months covered by Medicare, including retroactive coverage, do not count as eligible months.

For example, if your Medicare coverage begins September 1 and you were otherwise HSA-eligible from January through August, your limit is generally 8/12 of the applicable annual limit, including any catch-up amount. Subtract BMC contributions to determine how much you can contribute yourself.

You can generally make contributions for earlier eligible months through the federal income tax filing deadline for that tax year, excluding extensions, even after Medicare begins. Designate the correct tax year with your HSA administrator. Ask a tax adviser to calculate your limit if your coverage changes or you previously used the HSA last-month rule.

7. What if excess contributions were made to my HSA?

Contact your HSA administrator and a tax adviser promptly. Excess contributions are not deductible, and a 6% excise tax generally applies each year the excess remains in the account. Employer excess contributions may also be taxable income.

You may avoid the excise tax by having the excess contributions and related earnings removed by the tax return due date, including extensions, for the year of the contributions. Ask your administrator to process a return of excess contributions rather than taking an ordinary withdrawal. Related earnings must be reported as required by IRS rules.

8. Can my spouse contribute to an HSA if I enroll in Medicare?

Yes, if your spouse independently meets HSA eligibility requirements. Your Medicare enrollment alone does not make your spouse ineligible. Your spouse must have their own HSA; HSAs are individual accounts.

If your spouse remains covered under family HSA-qualified medical coverage and is eligible all year, they may generally contribute up to the family annual limit, subject to applicable contribution rules. Coordinate contributions made to both spouses' HSAs during the year. Any age-55 catch-up contribution must go into the eligible spouse's own HSA.

You may contribute to your eligible spouse's HSA even if you are enrolled in Medicare. A personal contribution you make to your spouse's HSA is generally deductible by your spouse, subject to IRS

limits. Do not assume BMC can redirect your HSA payroll deductions or company contributions to your spouse's account.

9. Can I remain in the BMC HSA Medical Plan after enrolling in Medicare?

Yes, as long as you meet BMC's medical plan eligibility requirements. Eligibility for medical coverage is separate from eligibility to contribute to an HSA. Medicare enrollment prevents new contributions for covered months, but it does not take away your existing HSA balance.

Contact the BMC Benefits Center to discuss coordination with Medicare, stop HSA contributions, and confirm whether a Limited Purpose Flexible Spending Account (FSA) is available to you and which expenses it can reimburse.

10. Can I use my existing HSA balance after enrolling in Medicare?

Yes. You can continue using your HSA tax-free for qualified medical expenses incurred after the HSA was established, including eligible deductibles, copayments, coinsurance, dental expenses, and vision expenses. Expenses cannot also be reimbursed by insurance or another account.

Once you are 65 or older, you can generally use HSA funds tax-free for Medicare premiums, including Parts B and D and Medicare Advantage premiums. Medicare supplement insurance premiums, such as Medigap premiums, are not eligible. Keep records supporting your withdrawals.

11. Where can I get help with Medicare and HSA decisions?

Contact Fidelity's Medicare Services at 833-886-0033 for questions about your BMC coverage and contributions. Contact Social Security at 800-772-1213 or visit ssa.gov for Medicare enrollment and effective dates. Visit [Medicare.gov](https://medicare.gov) or call 800-MEDICARE (800-633-4227) to learn about coverage options. Your State Health Insurance Assistance Program (SHIP) also offers free Medicare counseling at shiphelp.org. Contact your HSA administrator and a tax adviser for contribution limits, excess contributions, and tax questions.

These FAQs provide general information. Individual circumstances and plan provisions determine how the rules apply.