

From: HRS.Benefits <HRS.benefits@wsu.edu>
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Subject: CDHP/HSA and Medicare Eligibility



Human Resource Services

Medicare Implications for Health Savings Account Holders

You are receiving this email because you are currently enrolled in a Consumer Directed Health Plan (CDHP) with a Health Savings Account (HSA), are or will reach age 65 soon, and are or will be eligible for Medicare in the coming year. While you can continue to use funds in your HSA for qualified medical expenses past age 65, you are encouraged to review if you should continue participation in an HSA if you are or will be enrolled in Medicare A and/or Medicare B.

It is highly recommended you reach out to a tax advisor, [contact HealthEquity](#), or review the linked resources to determine if a plan change may be necessary for 2020 and to understand the implications of remaining enrolled in a CDHP/HSA.

The [HSA Guidebook](#) and [IRS Publication 969 – HSAs and Other Tax Favored Health Plans](#) both state that HSA contributions should be zero once an individual is enrolled in Medicare. Voluntary/employee contributions to an HSA can be stopped, but the employer contributions cannot, and any HSA contributions made after enrollment in Medicare would be considered excess contributions. These would be subject to an excise tax and funds would be considered gross income.

Many employees who plan to enroll in Medicare will elect to switch to a non-CDHP plan during Open Enrollment to avoid tax implications. If you plan to make that adjustment for the coming year, you will need to select a new plan during Open Enrollment, between now and November 30.

Enrollment in Medicare also creates a special open enrollment window that would allow you to change plans at that time. This would result in being subject to two plan deductibles in one year due to the plan change, and if you are subject to retroactive Medicare enrollment, may cause the aforementioned tax implications.

It is possible to not activate Medicare A coverage at age 65 in order to remain in a CDHP with the corresponding HSA. Our understanding is you would have the option to do this, provided you do not start drawing your social security benefit. Once a person is drawing the social security benefit, Medicare A is also automatically activated. If you are interested in this option, please contact Medicare directly to see if this is a possibility and what is required to delay your Medicare enrollment.

To make a plan change for 2020, visit the [HCA My Account portal](#) or complete a [paper form](#), which can be submitted the following ways:

1. Submit to your campus' HRS office
2. Email to hrs@wsu.edu with SSNs removed (please include your WSU ID instead)
3. Campus mail to Zip 1014
4. USPS mail to Pullman HRS: 139 French Administration, PO Box 641014, Pullman, WA 99164-1014
5. Fax to 509-335-1259

It is important to note that paper forms must be received at HRS Pullman by Wednesday, November 27, since the 28th and 29th are

university holidays and the 30th is a Saturday. If you plan on mailing your forms, please complete your forms early and leave plenty of time for them to arrive.

Questions can be directed to Human Resource Services at 509-335-4521 or hrs@wsu.edu.*

***Please note Washington State University is unable to provide financial advice as to whether you should cease participation in a CDHP with a corresponding HSA; a tax or financial advisor would be your best resource in this regard.**

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Human Resource Services - Washington State University

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