

**From:**  
**Subject:**  
**Date:**

HRS.Benefits  
Age 64+ CDHP Reminder  
November 10, 2021



WASHINGTON STATE UNIVERSITY  
**Human Resource Services**

*Please note: This email is being sent to all employees who are age 65 or older and eligible for Medicare, or will be age 65 and eligible for Medicare in 2022.*

## Health Savings Accounts and Medicare Eligibility

Consumer Directed Health Plans (CDHPs) are high-deductible health plans automatically paired with a pre-tax Health Savings Account (HSA). Becoming Medicare-eligible may have an impact on your HSA eligibility. Please read the following carefully.

While HSA funds can continue to be used for qualified medical expenses beyond age 65, you are encouraged to review if you should participate in a CDHP/HSA if you will be enrolling in Medicare Part A and/or Part B in 2022.

It is possible to not activate Medicare Parts A and B at age 65, and remain in a CDHP/HSA while continuing to work. However, at retirement Medicare will perform a six-month lookback for Part A, and will retroactively enroll you, causing contributions made to your HSA during that period to be subject to an excise tax and funds would become gross income. Due to this, many employees will choose to switch to a non-CDHP plan during Open Enrollment to avoid the tax implications.

It is highly recommended you reach out to a tax advisor, [contact HealthEquity](#), or review the links below to determine if you wish to enroll/remains enrolled in a CDHP/HSA for 2022, and to understand the implications of being enrolled in a CDHP/HSA after 65.

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. 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.

Employees who plan to enroll in Medicare in 2022 can switch to a non-CDHP plan to avoid these tax implications during Open Enrollment, November 1-30.

Enrollment in Medicare itself also creates a Special Open Enrollment event 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 change, and if you are subject to retroactive Medicare enrollment, may cause the aforementioned tax implications.

Those over age 65 that begin drawing their social security benefit will be automatically enrolled in Part A, which can again cause the aforementioned tax issues. You can contact Medicare directly to see if you are able to delay Part A enrollment.

To make a plan change for 2022, log into Workday and complete the Open Enrollment Change item in your inbox. Instructions and video guides are available on the [HRS Open Enrollment webpage](#).

Questions regarding the Workday process can be directed to Human Resource Services at (509) 335-4521 or [hres.benefits@wsu.edu](mailto:hres.benefits@wsu.edu). **Please note Washington State University is not able to provide financial advice. A tax or financial advisor would be your best resource regarding whether or not to continue participation in a CDHP.**

Pullman • Spokane • Tri-Cities • Vancouver • Everett • Global Campus • Extension

Human Resource Services - Washington State University

PO Box 641014, Pullman WA 99164-1014