

What is a Health Savings Account?

- If you enroll in the HDHP plan option, are you eligible for this added benefit



A Health Savings Account (HSA) is a tax-advantaged savings account that allows you to set aside tax-free dollars to pay for qualifying medical expenses or to use during retirement

An HSA is a bank account, not a benefit plan

You own it, so it stays with you even if you change employment or retire

An HSA has two parts:

Cash Account (interest-bearing and FDIC insured)

An optional Investment Account (to support long-term investment goals)

Employer Contributions HDHP/HSA

- **Plan Year 2025-2026 the MCIU will contribute the following:**
 - \$700 for Individual
 - \$1,050 for Family
- **MCIU contributions will be made on a quarterly basis:**
 - July
 - October
 - January
 - April

MCIU will continue to contribute to a Health Savings Account (HSA) for HDHP participants in future years as well:

- **2026-2027 - \$350 for Individual / \$575 for Family**



How Does an HSA Work?

- You **must** enroll in an HSA-qualified High Deductible Health Plan
- You may elect to make pre-tax payroll contributions or make after-tax contributions online
- IRS contribution maximums apply for each tax year (January 1 – December 31)
- Use the Prepaid MasterCard® to pay providers or withdraw funds online via direct deposit

Maximum Contribution Per Year	2025
Individual Coverage	\$4,300
Family Coverage	\$8,550
Plus \$1,000 annual catch-up contribution for age 55 and over	

HSA regulations

What Is an HSA?

An HSA can be used to pay for eligible Medical, Dental, Rx and Vision expenses that cannot be reimbursed through insurance or any other arrangement.

An HSA can be used to pay for eligible expenses incurred by you, your spouse, and your eligible dependents.

Even if your spouse/dependents are not covered by your High Deductible Health Plan (HDHP).

An HSA can be used to pay for eligible expenses incurred from the opening date of the account onward.

An HSA can be used to pay for non-eligible expenses, but a tax penalty will apply.

Eligible Expenses Under an HSA

- *For the most up-to-date information, please visit: <https://www.irs.gov/pub/irs-pdf/p502.pdf> for Qualifying Medical Expenses



- Eligible expenses* include, but are not limited to:
- Deductibles, copayments, and coinsurance
- Prescription medications
- Glasses, LASIK eye surgery, and contact lenses
- Dental and orthodontic services
- Chiropractic and acupuncture treatments

Health Savings Account Eligibility

Employee is HSA-eligible if:

- Employee is enrolled in an HSA-qualified HDHP
- Employee has no disqualifying coverages (e.g., Medicare, spouse's HCFSA)
- Employee cannot be claimed as a dependent on another's tax return

Eligibility is determined as of the 1st of each calendar month

- Disability Insurance, Disease or Illness Insurance, Dental, Vision, EAP, Drug Discount Cards, Long Term Care Insurance, Limited Purpose/Post Deductible FSAs, Limited Purpose/Post Deductible HRAs

Contribution Eligibility:

- Contributions can only be made if you are actively enrolled in the HSA-qualified High Deductible Health Plan
- Contributions cannot be made if you are enrolled in any other medical plan that is not an HSA-qualified plan (including yours or your spouse's Health Care FSA)
- You cannot make HSA Contributions if you are claimed as a dependent by someone else
- Earnings and withdrawals are tax-free for qualified health care expenses but are subject to a tax penalty if used for non-qualified health care expenses

HSA and Medicare

The Medicare logo features the word "Medicare" in a large, bold, blue serif font. It is centered between a thick blue horizontal bar above and a thick red horizontal bar below. The entire logo is enclosed within a thin black rectangular border.

Medicare

If you are eligible for and enroll in any part of Medicare, you are no longer eligible to contribute to an HSA since Medicare Plans do not fit the criteria for an HSA compatible plan.

Once you enroll in Medicare and are no longer eligible to contribute to your HSA, you may continue to take tax- free distributions from your HSA account for qualified expenses.

You cannot reimburse your own Medicare or a spouse's qualifying retiree policy premiums tax-free from your HSA until you, the accountholder, turn 65.

HSA vs. FSA

- No claims filing. Make distributions yourself and keep supporting documentation for tax reporting purposes only
- No plan year
 - Funds are available to you to save, spend, or invest without a deadline
 - You can take distributions for qualified expenses at any time as long as they were incurred after the HSA was established
- Funds are made available to spend and/or invest as you contribute
- Contributions may earn interest or be invested
- Account is portable – take it with you if your employment changes
- You may adjust your contribution amounts at any time

Spending Accounts – if begin or end an HSA

Current Spending Account Plan	New Spending Account Plan	What Happens
HRA	HSA	Any remaining HRA funds roll over to a Limited HRA for Dental and Vision expenses only
Healthcare FSA	HSA	Any remaining Healthcare FSA funds roll over to a Limited Purpose FSA for Dental and Vision expenses only
HSA	HRA	Your H.S.A will remain open and any funds in the account can be used for eligible expenses. You will not be able to contribute to the H.S.A while enrolled in the HRA eligible medical plan.
HSA	Healthcare FSA	Your H.S.A will remain open and any funds in the account can be used for eligible expenses. You cannot contribute to an H.S.A and Healthcare FSA in the same plan year. The Healthcare FSA would be the primary on the cards and any funds elected for that would be used first. If you run out of Healthcare FSA funds in the plan year your card will access the H.S.A funds.