

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 it tax free, as long as you use it for qualified medical expenses, like deductibles, copayments, coinsurance, and more. (Generally, insurance premiums aren't considered qualified medical expenses.)

You're eligible to contribute to an HSA when you're covered by an HSA-eligible plan (sometimes called a High Deductible Health Plan (HDHP)). With HSA-eligible plans, the monthly premium is usually lower, but you pay more out-of-pocket health care costs yourself before your insurance company starts to pay its share. 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").

Banks, credit unions, and other financial institutions offer HSAs. The money you contribute to the account isn't taxed as long as you use it for qualified, out-of-pocket medical costs, like:

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

Sometimes, you can spend the money on similar medical costs for your spouse or dependents. Funds you don't use carry over to the next year.

Generally, HSA-eligible plans are available through the Health Insurance Marketplace®, Small Business Health Options Program (SHOP), or outside the Marketplace. They're also available in most states that use [HealthCare.gov](https://www.healthcare.gov).

How can I find an HSA-eligible plan? Visit [HealthCare.gov/see-plans](https://www.healthcare.gov/see-plans) and filter by "Eligible for an HSA." Or, fill out an application and compare plans.

What are the benefits of an HSA?

- **No federal income tax.** You aren't taxed on money you put into it, or on the interest you earn, in an HSA account. You also don't pay tax on withdrawals for qualified medical expenses.
- **No expiration date on funds.** Your HSA contributions don't expire. The money stays in the HSA until you use it.
- **Possible use for spouse and dependents.** You can use your HSA to pay for qualified medical expenses for your spouse and dependents, even if your HSA-eligible plan doesn't cover them.
- **HSA doesn't go away if job changes.** You can keep your HSA, even if you change employers or retire.

How do HSA contributions and withdrawals work?

You can only contribute to your HSA when you're enrolled in an HSA-eligible plan with no other coverage that would disqualify you. Anyone can contribute to your HSA, like household members, friends, and employers. The table below shows the maximum amounts you can put into an HSA in 2024 and 2025. These limits may depend on the type of 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, they can make a catch-up contribution to their own account, if they're eligible, but not to yours.

Limits on HSA contributions in 2024 & 2025

	2024		2025	
	Self-only coverage	Family coverage	Self-only coverage	Family coverage
HSA contribution limits per year	\$4,150	\$8,300	\$4,300	\$8,550
HSA "catch-up" contributions (55 or older) per year	\$1,000		\$1,000	

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, 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.

Also, you must stop contributing 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 Supplement Insurance (Medigap) doesn't cover.

Keep receipts for medical expenses you paid for using HSA withdrawals. You'll need them to show the money from your HSA 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 the Internal Revenue Service (IRS) audits you.

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

Ask your health care provider 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](https://www.healthcare.gov/high-deductible-health-plan) to learn more about HSAs.

How can I learn more?

To learn more about coverage through the Marketplace or your benefits and protections, visit **HealthCare.gov** or call the Marketplace Call Center at 1-800-318-2596. TTY users can call 1-855-889-4325.

You have the right to get your information in an accessible format, like large print, braille, or audio.

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](https://www.cms.gov/About-CMS/Agency-Information/Aboutwebsite/CMSNondiscriminationNotice) or call 1-800-318-2596. TTY users can call 1-855-889-4325.

Health Insurance Marketplace

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