

Southwestern University

Health Savings Accounts

Four Basic Eligibility Rules

An individual must satisfy **all four** of the basic eligibility rules. In order to be eligible for a Health Savings Account, the individual must be:

1. Covered by a qualified High Deductible Health Plan (HDHP):
 - Must have a minimum annual deductible at or above the statutory minimum (\$1,250 for an individual plan) and an out-of-pocket limit at or below the statutory maximum (\$6,250 for an individual plan)
 - The plan may not reimburse expenses before the deductible is satisfied. The only exception is for preventive care.
2. **Not covered by any non-HDHP plan**
Non-HDHP Plans – Common Examples
 - Coverage under a spouse's health plan – unless that plan is also a qualified HDHP
 - Coverage under a Flexible Spending Account (plan with no grace period) unless the Flexible Spending Account does not reimburse any expenses until the HDHP statutory deductible has been satisfied; or is limited to reimbursing permitted coverage such as dental, vision and preventive care expenses.
 - Coverage under a Flexible Spending Account (with grace period) – individuals enrolled in these FSAs will not be eligible to contribute to a HSA during the grace period unless the individual had a \$0 balance on a cash basis on the last day of the plan year; the individual had a \$0 balance on a cash basis after a qualified transfer of funds from a FSA or HRA; or the health care FSA automatically converts to a limited purpose or post-deductible FSA (HSA compatible FSA) during the grace period for all participants.
 - Coverage under a HRA – there are some exceptions.
3. Not be **entitled** to Medicare – entitled means **enrolled** under any part of Medicare Part A, Part B, or a Medicare Advantage plan.
4. Not **eligible** to be claimed as a dependent on another individual's tax return – this is true even if the other person does not claim the individual as a dependent (note: a spouse is not a dependent under the Internal Revenue Code).

The eligibility rule works on a monthly basis. If an individual satisfies all 4 rules on the first day of the month, he is eligible for the entire month. If he first satisfies the 4 rules on the 2nd day of the month, he becomes eligible on the 1st day of the following month.



NEXT :

Eligibility guidelines of a Health Savings Account.