

Consumer Choice with an HSA

Eligibility for employees age 65 and over

Learn about rules that apply to Health Savings Accounts when you become eligible for Medicare and Social Security benefits

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ENERGY

HSA eligibility changes at age 65

- **Employees age 65 and older are eligible for Consumer Choice**, but there are federal rules for opening and contributing to an HSA.
- **Employees age 65 and older** are eligible for Medicare and Social Security benefits.
- **Employees near age 65** must plan ahead carefully to remain eligible to open or contribute to an HSA on Consumer Choice.

To open and/or contribute to an HSA and receive ORNL contributions, Consumer Choice enrollees:

- ✓ Cannot be covered by any other non-qualified* health plan, or by a spouse's Health Care Flexible Spending Account.
- ✓ Cannot be claimed as a dependent on another individual's tax return.
- ✓ Cannot be enrolled in **Medicare Part A** or TRICARE.

*Only "high-deductible" health plans qualify for an HSA option.

For additional information, visit [IRS.gov](https://www.irs.gov) and see Publication 969.

**Remember, your
HSA funds always
belong to you!**

You can use funds from an HSA you've already opened to pay for medical expenses (tax free).

Scenarios and steps to become HSA eligible



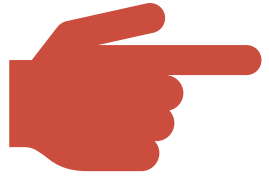
If you have not applied for Medicare, postpone enrolling in Medicare. There is no penalty for this delay as long as you are covered by an employer's health plan.



If you are enrolled in Medicare Part A and have not yet applied for Social Security benefits (income), withdraw from Medicare Part A by completing form SSA-521.

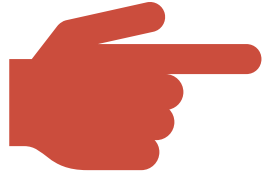


If you are enrolled in Medicare Part A and receiving Social Security income or your spouse is receiving Social Security income based on your earnings under the “File and suspend” option, withdraw from Medicare Part A and pay back all Social Security income and any Medicare funds applied to medical claims.



To process your withdrawal from Medicare Part A

- Complete and submit Social Security withdrawal form SSA-521 by October 31. **The withdrawal takes up to 60 days to process.**
- Repay Medicare and Social Security income you have received (or your spouse has received under the File and Suspend option) over the last 11 months. **After 12 months or more of receiving Social Security income, you are no longer allowed to withdraw from Medicare Part A, per federal restrictions.**
- Remember, you are no longer entitled to Medicare or Social Security benefits, but you can reapply for both at any time with no penalties.



If you remain enrolled in Medicare Part A...

- During Open Enrollment, the HSA Agreement page on the Benefits Service Center's website will default to **HSA OPT OUT/INELIGIBLE** for salaried employees enrolled in Prime Select during 2019.
- Electing **HSA OPT OUT/INELIGIBLE** allows employees ineligible for an HSA to still enroll in Consumer Choice without opening an HSA.
- If you will remain enrolled in Medicare Part A in 2020, please retain the **HSA OPT OUT/INELIGIBLE** election on your record, so an HSA is not set up for you.

For more information:

- Social Security Administration: 1-800-772-1213
- <https://www.ssa.gov/planners/retire/whileworking.html>
- [IRS.gov](https://www.irs.gov) and see Publication 969
- https://benefits.ornl.gov/2020/pdf/Optum-UHC_HSA_Planning_for_Retirement.pdf
- https://www.optum.com/content/dam/optum/consumer-activation/unknown/HSA_Mid_Year_Changes.pdf

Situation: I'm nearing age 65

Under age 65

- You can elect Consumer Choice and open and/or contribute to an HSA. Eligible employees will receive any employer HSA contributions that apply.

At age 65

- You become eligible for Medicare benefits whether you remain an active employee or retire.
- Active employees have the options to delay enrollment in Medicare or withdraw from Medicare Part A in order to open and/or contribute to an HSA and receive ORNL contributions to an HSA. The choice depends on your personal situation.

Catch-up contributions at age 55 or over!

You can contribute the HSA maximum set annually by the IRS, plus an additional \$1,000.

Situation: I'm enrolling in Medicare

- **The month you enroll in Medicare** (typically the month you turn 65), you must stop contributing to your HSA, even if you are not retiring.
- **If you will enroll in Medicare later than your 65th birthday**, plan accordingly. You must stop all contributions to your HSA up to 6 months prior to collecting Social Security. **Failure to comply could result in an IRS tax penalty.**

Note: When you apply for Social Security, Medicare Part A will be retroactive for up to 6 months (if you were Medicare eligible during those 6 months), and any HSA contributions made during that time are subject to a tax penalty.

Situation: My spouse is enrolled in Medicare

- **If your spouse is enrolled in Medicare or receiving Social Security benefits based on his/her income but you are not**, you can elect Consumer Choice and open or contribute to an HSA.
- **As the employee, you are the primary policy holder** on your Consumer Choice plan and the account holder for your HSA. Thus, all HSA eligibility rules will apply to your age and status.
- **Eligible employees** will receive any employer HSA contributions that apply.
- **If you are an active employee near age 65**, plan accordingly using this guide to remain eligible to open and contribute to your HSA until you retire.

Contacts

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