



HEALTH SAVINGS ACCOUNT (HSA) FREQUENTLY ASKED QUESTIONS



HSA Basics

What is a Health Savings Account (HSA)?

An HSA is a special tax-advantaged savings account available to employees who enroll in the Sharewell Choice PPO (High Deductible Health Plan, or HDHP). By law, to open or contribute to an HSA, the medical plan must be a qualified high deductible health plan.

You can use the money in your HSA to help pay your deductible, coinsurance, and other qualified expenses (including dental, vision, and over-the-counter items). You can also use your HSA as a savings vehicle to use for future health care costs. The account grows with interest, and you have investment options after the balance reaches \$1,000. Your account balance always stays with you, even if you change medical plans, retire, or leave the County.

How is my HSA funded?

If you enroll in Sharewell Choice PPO (HDHP) for 2027, you now have the option to set up an HSA with HealthEquity and make pre-tax contributions through payroll deduction. You may also contribute directly to the HSA on an after-tax basis. Pre-tax contributions are generally your best option, but if you want to make after-tax contributions, visit healthequity.com and set up an electronic funds transfer from your personal bank account.

Who can open an HSA?

To be eligible, you must meet the following criteria:

- You must be covered by an HSA-compatible health plan, such as Sharewell Choice PPO (HDHP), and you cannot be covered by any other medical plan that is not an HSA-compatible health plan. This would include being enrolled in your spouse's plan as secondary coverage. Federal law requires minimum deductible levels for individual and family (two or more people) coverage for HSA-compatible health plans.
- You must not be covered by Medicare, Medicaid, or TRICARE.

- You did not receive medical benefits during the previous three months from the Indian Health Services (IHS) or the U.S. Department of Veterans Affairs (VA) except for treatment for a service-connected disability.
- You must not have access to reimbursement for medical expenses from a Flexible Spending Account at the same time as your HSA. Example: Access from a parent or spouse's account

The IRS has specific rules on who can open an HSA — refer to **IRS Publication 969**.

Can I enroll in the Sharewell Choice PPO (HDHP) if my spouse is on Medicare?

Yes. You can enroll yourself and your spouse in the Sharewell Choice PPO (HDHP) for medical coverage. When it comes to the HSA, if you're not enrolled in Medicare and you meet the IRS eligibility requirements, you make contributions to an HSA. Once you have Medicare, you can't make HSA contributions, but you can use your HSA balance to pay for qualified medical expenses for both you and your spouse on Medicare.

My spouse is enrolled in Medicare. Can they also be enrolled as a dependent on the Sharewell Choice PPO (HDHP)?

Yes, but your spouse cannot open an HSA in their own name due to their Medicare status. However, you may use the funds in your HSA to pay for qualified health care expenses for you and your Medicare-eligible spouse.

If my spouse is on Medicare and I am not, how much can I contribute to an HSA?

If you're enrolled in family coverage (two or more people), you may contribute up to \$9,000. Because your spouse has Medicare, the contributions must be made to an HSA in your name. However, your HSA funds can be used to pay for your spouse's out-of-pocket expenses, even if they're on Medicare.

I'm still working and I'm enrolled in Medicare Part A. Can I enroll in the Sharewell Choice PPO (HDHP) and elect the HSA?

Yes and no. You can enroll in Sharewell Choice PPO (HDHP) for medical coverage, even though you have Medicare. However, you're NOT eligible to make contributions to an HSA if you have Medicare.

Who can use the money in an HSA?

The money can be used for qualified health care costs for you, your spouse, or any IRS-qualified dependent who you claim on your income taxes, whether or not they're covered on your health care plan. Talk with a tax advisor to find out if these rules apply to your tax situation. You can go to **irs.gov** to find out who qualifies as a dependent.

You may not use the HSA funds for health care costs for a domestic partner or child who does not qualify as your tax dependent. If you cover your domestic partner under the Sharewell Choice PPO (HDHP), they can set up their own HSA with HealthEquity.

Payments for a dependent who doesn't meet the definition of "tax dependent" may be considered nonqualified costs. This means you may have to pay taxes and penalties for these payments. For more details about eligible expenses and dependents for HSAs, refer to **IRS Publication 969**.

I'm enrolled in the Sharewell Choice PPO (HDHP). Can I continue to contribute to my spouse's HSA and use his or her bank?

You and your spouse can each make contributions to your own HSA, but you cannot contribute more than the IRS family contribution maximum between both HSAs. For 2027, the family contribution (employer and employee contributions) maximum is \$9,000.

My child is under 26, and I no longer claim them on my taxes. Can I cover them under the Sharewell Choice PPO (HDHP)?

The IRS has specific rules about covering a child: see **IRS Publication 969**. You can cover dependents under age 26 in the Sharewell Choice PPO (HDHP). However, you can use your HSA for their expenses only if they're your tax dependent. Generally, that means your child is under age 19 (or under 24 if a full-time student), or any age if permanently and totally disabled.

Dependents who do not qualify to receive funds from your HSA may qualify to open their own HSA and could be permitted to contribute up to the family maximum (\$9,000 for 2027). They can contact HealthEquity to discuss how to set up a separate HSA.

If my child has other medical coverage or a Flexible Spending Account, can my HSA cover their expenses?

If your child is your tax dependent, you can use your HSA funds for their expenses even if they have other medical coverage or their own Flexible Spending Account.

My child is under age 26 and married. Can I cover them on my medical plan?

Yes. Eligible dependents can be covered up to the age of 26, regardless of student, employment, residential, or marital status.

The health care reform law expanded the definition of eligible dependents to age 26 for medical plan coverage, Flexible Spending Accounts (FSAs) and health reimbursement arrangements (HRAs):

- The law did not expand the definition of eligible dependent to age 26 for HSA expenses. Therefore, employees can use HSA funds tax-free only for eligible expenses of family members who meet the definition of a "tax dependent" in the Internal Revenue Code.

- Disbursements for children who don't meet this stricter definition may be considered non-qualified expenses, which are subject to tax and penalties. That means you'll pay a penalty plus taxes if you use the pre-tax dollars from your HSA to pay health expenses for your older covered dependent if he or she does not meet the IRS definition of a tax dependent.

Please refer to [IRS Publication 969](#) for more information or speak with your tax adviser.

If I'm covering a child who is age 23 and I cannot claim them as a tax dependent, what's my maximum contribution to an HSA on a pre-tax basis?

If the child cannot be claimed as a tax dependent, the child is eligible to establish his or her own HSA and can contribute up to the family maximum (\$9,000 for 2027). In this example, the employee can also contribute up to the family maximum to the child's HSA.

I have an HSA with another bank — can I keep it, or do I have to open an HSA with HealthEquity?

If you want to make contributions to your HSA from your County paycheck, you'll need to set up an account with HealthEquity.

If you already have an HSA with another bank, you can either keep the funds there or transfer them to your HealthEquity account. If you keep your existing HSA, you can make post-tax contributions on your own to that account.

Be sure to consider the administrative fees. HealthEquity charges a \$2.95 administrative fee that's deducted from your HSA every month. If you're paying administrative fees at another bank, consider transferring any existing funds to your HSA through HealthEquity to minimize your costs.

I have a Health Care Flexible Spending Account (FSA) in 2026, but plan to enroll in the HSA for 2027. What do I need to know?

It's recommended that you use your Health Care FSA by December 31, 2026.

What's the difference between an HSA, Health Care FSA, and HRA?

Review the chart below to learn more about the differences between these accounts.

	Health Savings Account (HSA)	Health Care Flexible Spending Account (HCFSAs)	Health Reimbursement Arrangement (HRA)
Who owns the account?	You own it	You own it while you're employed	You own it
Who contributes money?	You (pre-tax payroll deduction)	You (pre-tax payroll deduction)	Only the employer (pre-tax — the County contributes each pay period while you're working)
When can you change your contributions?	You can start, stop, or change your contribution amount at any time during the year	Once a year during Open Enrollment, unless you have a Qualifying Life Event	Not applicable
What's it used for?	Qualified health care expenses that you can spend now or any time in the future After age 65, you can withdraw funds for non-health care related expenses, but that amount is considered taxable income	Qualified health care expenses for the year in which you participate	Qualified health care expenses after your employment with the County ends
Who's eligible?	Available only if you're enrolled in Sharewell Choice PPO (HDHP)	Available with all County health plans If you enroll in Sharewell Choice PPO (HDHP), you'll be able to enroll in one account: a Health Care FSA or the HSA (not both)	Regular full-time and part-time employees who receive a paycheck Not eligible: Employees on unpaid leave of absence, seasonal employees, temporary employees, and interns
Is there a contribution limit?	\$4,500 for employee-only coverage or \$9,000 for family coverage (two or more people) Additional \$1,000 can be contributed if you'll be at least 55 in 2027	For 2026, the limit is \$3,400 (the 2027 limit has not yet been released by the IRS)	Not applicable

	Health Savings Account (HSA)	Health Care Flexible Spending Account (HCFA)	Health Reimbursement Arrangement (HRA)
Do leftover funds roll over each year?	Yes — the entire balance always carries over year after year	This is mostly a “use it or lose it” account, but \$680 can roll over to 2027, if you re-enroll for a Health Care FSA in the new year Otherwise, leftover funds at the end of the year are forfeited	Yes
Is it portable if you leave the job?	Yes — it’s your account forever	No	Yes
Can you invest the funds in your account?	Yes — once your balance reaches \$1,000	No	Yes
Can you have it with Medicare or other health plan coverage?	You can’t contribute to an HSA if you’re enrolled in Medicare, Medicaid, TRICARE, CHIP, or a non-HSA-eligible health plan	Yes	Yes

Making Contributions to Your HSA

How do I make contributions to my HSA?

You can enroll for pre-tax payroll deductions at the same time you elect Sharewell Choice PPO (HDHP) during Open Enrollment. If you don’t set up your HSA during Open Enrollment, you can do that at any time during the year.

You may also contribute directly to your HSA on an after-tax basis. Pre-tax contributions are generally your best option, but if you want to make after-tax contributions, visit [healthequity.com](https://www.healthequity.com) and set up an electronic funds transfer from your personal bank account.

How much can I contribute to my HSA?

You can contribute up to \$4,500 (employee-only coverage) or up to \$9,000 (family coverage, for two or more people) in 2027. The maximums are set by the IRS and typically go up each year.

Does the County contribute to my HSA?

No.

Can I ever contribute more than the annual limit?

Yes. People who turn age 55 or older during the year and who are not enrolled in Medicare can contribute an extra \$1,000 above the regular limits. This is called a “catch-up contribution.” These individuals can make catch-up contributions each year until they enroll in Medicare. Only the account holder can make catch-up contributions. The contribution amounts allowed are subject to proration if you’re enrolled in the plan less than 12 months or under other circumstances. Catch-up contributions can be made in the same way your regular contributions are made.

If I’m 55 or older and my spouse is too, can we both make catch-up contributions?

If both spouses are age 55 or older, the HSA account holder may contribute up to the 2027 family maximum of \$9,000, plus a \$1,000 catch-up contribution.

If the spouse of the account holder would also like to make catch-up contributions, they would need to establish an HSA in their own name and would be able to contribute an additional \$1,000 catch-up contribution to that account.

HealthEquity offers a free spouse account. To learn more, contact HealthEquity.

What if I contribute too much during a year and go over the annual maximum allowed?

If you contribute too much to your account, IRS rules require that you pay regular income tax, plus a tax penalty on the amount you went over.

If you realize you’ve contributed too much before you file your taxes, you may choose to submit a form showing these contributions to the HSA financial company to remove those excess funds. Different rules apply if you contribute too much because you left the plan during the year. See the next question for more information.

What if I end my coverage before the end of the year?

You take that money with you wherever you go. The HSA is in your name and it’s your account.

If you enroll in Medicare or go to another employer who doesn’t have a qualified high-deductible health plan, you can still use your HSA money to pay for copays and qualified health care expenses. However, you won’t be able to continue to make contributions to your HSA unless you continue to participate in an HSA-compatible plan.

If you leave during the year and do not enroll in another HSA-compatible plan, the annual contribution maximum is prorated. This is based on the number of months that you were enrolled in an HSA-compatible plan. If you fund your account for the entire year, then leave the plan and do not join another HSA-compatible health plan, you’ll need to withdraw the excess funds before the end of the tax year.

Does tax filing status (joint vs. separate with my spouse) affect my HSA contributions?

Tax filing status does not affect your contribution. The IRS requirements simply refer to eligible expenses for the “spouse” they do not include requirements for filing jointly or separately. However, the IRS indicates that children must be tax dependents. Refer to [IRS Publication 969](#) for more details.

Can I use my HSA for eligible expenses for my spouse, even if we file our taxes separately?

Yes. The IRS requirements simply refer to eligible expenses for the “spouse” — they do not include requirements for filing jointly or separately. However, the IRS indicates that children must be tax dependents. Refer to [IRS Publication 969](#) for more details.

I’m going to enroll in the Sharewell Choice PPO (HDHP). What happens if my spouse chooses to enroll in a Health Care FSA?

You and your spouse cannot have a Health Care FSA and contribute to an HSA simultaneously. (A Dependent Care FSA and HSA at the same time is allowed.)

What if my spouse has an HSA with HealthEquity, too?

If your spouse has an HSA established through HealthEquity, have your spouse contact HealthEquity to have both your and your spouse’s accounts linked, to avoid paying additional service fees on your spouse’s account. The monthly fee with HealthEquity through County coverage is \$2.95/month, which is deducted from your HSA on a monthly basis.

Can I use my HSA to pay for health care expenses before I set up my account?

No. You cannot be reimbursed for qualified health care expenses before the date your HSA is established.

What happens if I have a medical expense early in the year and there isn’t enough money in my HSA to cover my out-of-pocket costs?

The HSA works like a bank account, so you can only spend what’s in it. You can start the reimbursement process for any services you incur after funds are available.

What if I have money left in my HSA at the end of each plan year?

Whatever you don’t spend is yours to keep and save year after year. Your HSA can help you pay for future health care costs.

How can I find out more about HSA regulations?

Visit the U.S. Treasury website at [treasury.gov](https://www.treasury.gov) and enter “HSA” in the search box. You may also refer to [IRS Publication 969](#).

Managing Your HSA Funds

Who holds the money in my HSA?

A qualified financial institution holds it and handles the records. The County has selected HealthEquity to handle all the administration for you.

How do I find out my HSA balance?

It's easy. Log in to HealthEquity's website at healthequity.com to find out your balance and transaction history.

How do I access the money in my HSA?

When you have funds in your account, you can pay for eligible expenses using your HealthEquity debit card. You can also review your Blue Shield claims in the HealthEquity portal and request reimbursement from your HSA there.

Will my HSA earn interest?

Yes. The HSA is an interest-bearing account.

Can I invest the funds in my HSA?

Yes. Once your balance reaches \$1,000, you can invest in certain mutual funds.

Are the interest and investment earnings in my HSA tax-free?

Yes, when the funds are used for qualified health care costs. Interest and investment earnings grow tax-deferred in the account. That means you'll only be taxed if funds are withdrawn for non-health care costs. Note: California and New Jersey *does* tax HSA earnings. New Hampshire and Tennessee tax dividend and interest earnings after a certain dollar amount. Contact your tax advisor for details.

Are any administrative fees charged to my HSA?

Yes. It's \$2.95 charged monthly by HealthEquity. You'll also be responsible for any banking fees, such as overdraft charges or charges to replace lost debit cards. Review HealthEquity's [account fees](#).

Is there a time restriction on when I may use the funds in the account?

No. Once funds are put into the HSA, they may be used at any time in the future for qualified health care costs.

If I leave the Sharewell Choice PPO (HDHP), what happens to my HSA?

You own the HSA — the money is yours to keep forever. You may choose to keep the funds in your account or roll the funds into a different account. If you keep funds with HealthEquity, you'll continue to pay HealthEquity's \$2.95 monthly administrative fee.

Can I roll over funds from my HSA to another HSA if I leave the program?

Yes. Contact your new HSA administrator for help with the rollover process.

Also, if you currently have an HSA through a bank, you have the option to keep that account separate or roll funds into your HealthEquity account through your County participation. If your bank's fees are higher than HealthEquity's, that's one reason to consider consolidating your funds through the County.

How do I add a beneficiary for my HSA?

Make sure you have an up-to-date beneficiary on file with HealthEquity. [Learn more.](#)

What should I do with health care receipts for expenses I run through my HSA?

You should keep them. Since you own the HSA, you're responsible for giving documentation to the IRS, if you ever need to, for the expenses charged to your HSA.

What if I use HSA funds to pay for non-qualified health care costs?

If you realize you've used HSA funds for non-qualified health care costs before you file your taxes, you can fill out a form showing these contributions, along with a check to put the funds back in your HSA. If you've filed your taxes and did not return the funds, the amount you spent on the non-qualified expense will be considered part of your taxable income, and you'll also owe a 20% penalty on that amount if you're under age 65.

If you're age 65 or older, you can use your HSA funds to pay for non-health care expenses. In this situation, you'll pay income taxes on the amounts, but the 20% penalty will not apply.

Do I have to use funds from my HSA to pay for health care costs?

No. You may pay out of pocket with after-tax dollars and let your HSA balance grow tax-free for as long as you want.

Tax Benefits of an HSA

What are the tax benefits of an HSA?

- **Contributions** to the account reduce your federal taxable income. However, if you live in California or New Jersey, you'll pay state taxes on your HSA contributions. New Hampshire and Tennessee only tax dividend and interest earnings after a certain dollar amount.
- **Withdrawals** from the account for qualified health care costs are tax-free.
- **Interest or investment earnings** on your account growth is taxed in California, but not on the federal level.

How does the money I contribute to my HSA help me save on taxes?

Any money you contribute to your HSA is considered tax-deductible for your federal taxes. That means it's not considered taxable income for the year. So, if you put \$1,000 into your HSA, your adjusted gross income for the year is lowered by \$1,000, which may save what you owe for taxes, depending on your tax status.

Are there any special instructions for filing my taxes?

Yes. You'll have to complete Form 8889 to report to your HSA contributions and distributions when you file your taxes. You'll be able to find this information on Form 1099-SA that will be mailed to you by your financial institution. You can find Form 8889 and instructions at [irs.gov](https://www.irs.gov).

You'll receive Form 5498-SA from HealthEquity annually. It's for your information only. You don't need to file it with your tax return. And you'll need to keep track of your receipts for anything you pay from your account in case you need to give documentation to the IRS to show you used any HSA funds on qualified health care costs. Please talk with a tax adviser to make sure you file your taxes correctly.

Services Covered by the Sharewell Choice PPO (HDHP)

How does the Sharewell Choice PPO (HDHP) work?

With the Sharewell Choice PPO (HDHP), you first need to meet your deductible before the plan pays for covered services. Once you've met your deductible, the plan works like a preferred provider organization (PPO) plan. You'll pay coinsurance (a percentage of what the provider can charge) when you see an in-network provider. If you use an out-of-network provider, your costs will be higher. Review the [Summary of Benefits and Coverage \(SBC\)](#) to see how coinsurance applies to services.

What services does the Sharewell Choice PPO (HDHP) cover?

It covers services that are usually covered by a typical health plan, like office visits, prescriptions, and major surgeries. Review the Summary of Benefits and Coverage (SBC) to see how services are covered by your plan. You can use your HSA to pay for qualified health care costs not covered by your plan. For a list of qualified medical expenses, refer to [IRS Publication 502](#).

How do I know what's considered preventive care?

Preventive care services include things like annual checkups, vaccines, and mammograms. When you go to an in-network provider, preventive care is covered at 100% and is not subject to the deductible. Review the [Summary of Benefits and Coverage \(SBC\)](#) to learn more.

What counts toward my out-of-pocket maximum?

The out-of-pocket maximum adds together your deductible and the portion you pay toward your expenses through coinsurance. Once you reach the out-of-pocket maximum, the plan covers eligible expenses at 100% for the rest of the year.

Important: If the provider's charge exceeds your plan's maximum allowed amount for out-of-network services, you'll be responsible for paying the difference. Out-of-network providers can bill you for balances above the amount your plan pays, even if you've reached your maximum.

Does my deductible apply toward the Sharewell Choice PPO (HDHP) out-of-pocket maximum?

Yes. Deductibles and coinsurance for your medical and pharmacy costs apply toward the annual out-of-pocket maximum. Costs you pay toward prescription drugs also apply.

Once I reach my out-of-pocket maximum, do I still have to pay for office visits and prescriptions?

No. Once you meet the annual out-of-pocket maximum, the plan pays 100% of your covered expenses. Keep in mind: There are separate maximums for in-network vs. out-of-network expenses. Additionally, if you use out-of-network providers, they can bill you for the amount above what the plan allows, which is your responsibility to pay.

When Employment Ends and Closing Your Account

If my employment at the County ends, can I continue making contributions through COBRA?

No. There is not a COBRA option for the County's HSA.

How do I close my HSA?

Call HealthEquity to close your account and pay the closing fee. Even if your account balance goes down to \$0, the account is still considered open until you request for it to be closed.