FAQs | HSA (health savings account) and HRA (health reimbursement arrangement)

2024 account planning and education resources

GEHA®
Government Employees Health Association

What's inside

HSA and HRA basics

How does a a health savings account (HSA) work?

An HSA is a tax-advantaged health savings account for those who are enrolled in an HSA-qualified high deductible health plan (HDHP), like GEHA's HDHP. These HSA funds may be used to pay for qualified medical expenses without federal tax liability or penalty. GEHA will deposit a monthly tax-free contribution to your HSA; you can also set up tax-free payroll deductions to be deposited into your HSA or make after-tax contributions which you can deduct when filing your taxes. Money in your HSA not used for qualified medical expenses can be rolled over year after year, accumulating tax-free interest or investment gains.

What's the difference between an HSA and a health reimbursement arrangement (HRA)?

The major differences are:

- You cannot make contributions to an HRA
- Funds in your HRA are forfeited if you leave the HDHP/HRA plan
- An HRA does not earn interest or have investment gains
- Funds in your HRA can only be used to pay for qualified medical expenses and only for individuals covered by the HDHP

Learn more with the **GEHA HSA/HRA Facts & Comparison sheet**

How much is funded into the HRA?

GEHA funds the HRA with a premium pass-through amount of **$1,000** for Self Only and **$2,000** for Self Plus One and Self and Family, which is the only contribution allowed each year into the HRA. No additional contributions can be made by you. However, any unused HRA funds will roll over to the next calendar year if you are still enrolled in the HDHP/HRA plan.

There is no cap on the amount of funds that can roll over, but if you leave the HDHP/HRA plan, including to another GEHA plan, the funds will be forfeited.

Who can I contact if I have more questions?

You can book a 1-on-1 virtual appointment with a GEHA FedViser benefits expert at **geha.com/Meet**

HSA rules

Can I have any other type of flexible spending account (FSA) with an HSA?

The only types of FSA that you can have with an HSA is a limited FSA (LEX HCFSA) and a Dependent Care FSA. A LEX HCFSA can only be used for eligible dental and vision expenses.

In addition to medical expenses, what else can I use my HSA funds for?

If you are under 65 years of age, you can only use the HSA on a tax-free and penalty-free basis to pay for qualified medical, dental and vision expenses. You can get a list of these eligible expenses from IRS Publication 502 at **irs.gov/Pub502**. Recent changes in the law due to COVID-19 now permit use of the HSA for over-the-counter medications and supplies such as band aids and aspirin for expenses incurred on or after January 1, 2020.

- **Can I use my funds for dental and vision expenses? Yes.** for qualified dental and vision expenses.
- **Is medical marijuana a qualified expense if it was prescribed by a doctor?** Because marijuana is illegal under federal law (even medical marijuana or if legal in your state), it does not qualify as an eligible expense that can be reimbursed by your HSA.

Can I name a beneficiary on my HSA?

Yes:

- If you have named a beneficiary on your HSA, the money will go to your beneficiary
- If you have not named a beneficiary and you are married, your HSA becomes your spouse's
- If you have not named a beneficiary and you are not married, then your HSA becomes part of your taxable estate

If you name your spouse as beneficiary, your spouse can elect to treat the HSA as their own. In such case, your spouse will not owe taxes or penalties provided they use the HSA for qualified medical expenses. If you designate a non-spouse beneficiary, they must take a distribution of the funds. A non-spouse beneficiary will have to pay income tax on the amount received but will not have to pay a penalty tax.

If I have a qualified expense after my account is open but before the account is funded, can I submit it for reimbursement later in the year when there are enough funds?

Legally, an account is only considered open when money has been deposited. HSA Bank remedies this issue by depositing **$0.01** into every account the same day they are notified to open the account. This funding gives the account holder the ability to use the HSA funds for expenses that occur the day the account is opened. If your qualified medical expense is for more than the amount in the HSA, you can submit for reimbursement of that expense from your HSA at a later time when enough funds are in the account to cover the expense.

If I leave my federal job and go to another employer that offers an HSA, can I transfer my federal HSA funds to the new vendor? If I can, do I have fees for doing so?

An HSA is always **100%** portable. You can transfer to another HSA when you leave your federal job. HSA Bank does not charge you a fee to close your HSA Bank account and transfer to another HSA vendor.

If I have Self Only coverage in an HDHP plan, can I use my HSA funds for my family members' out-of-pocket medical expenses?

Yes. For qualified medical, dental and vision expenses you can use your HSA funds for yourself and for any person claimed as a dependent or qualifying child (stepchild, adopted, etc.) so long as the expense is not otherwise reimbursed. This holds true even if those dependents are not covered under an HDHP.

- **Even if my spouse is on a non-HDHP plan? Yes.** as long as there are funds available in your HSA and it is used to pay for a qualified expense.

If I have Self Only coverage and I am married, can I contribute up to the maximum for Self Plus One or Self and Family?

No. Your health care coverage level (Self Only/Family) determines the amount one can contribute. If you are covered under the Self Only plan but have a family, you are still only allowed to contribute up to the Self Only IRS limit, **$4,150** in 2024.

What happens when your HDHP is paired with an HRA? Can you transfer to the HSA at any point, and under what circumstances?

If you qualify for an HRA, as you receive medical care, available funds in your HRA will be used tax-free to reimburse qualified out-of-pocket expenses, including Medicare premiums. Your provider is automatically reimbursed whenclaims are submitted through the GEHA HDHP.

If you enroll in Medicare, you qualify for an HRA. An HRA has the same great advantages of an HSA with being tax-free up to **$2,000** annual contribution from GEHA. You can use your new HRA and your existing HSA tax-free for eligible medical expenses. To check your HRA eligibility, visit **geha.com/IRA969**

If I receive VA benefits and convert to an HRA, how long do I have to wait to convert back to an HSA, and will that happen automatically?

A subscriber can make HSA contributions for a given month if they did not actually receive VA medical benefits during the preceding three months. Also, preventive care benefits from the VA will not disqualify an otherwise HSA-eligible individual.

You must notify GEHA that you have become eligible for an HSA, it is not automatic. A subscriber who becomes eligible for an HSA after being ineligible has a few options based on their scenario. It can get complicated when HRA money has already been used in the subscriber's account for past claims. If HRA funds have not been used during the year, the subscriber can request the HRA money be converted to HSA funds for the months they were eligible for an HSA. GEHA will then deposit those monthly funds into their HSA and continue funding it monthly.

Explain how the funding is affected since HSA funding is monthly and HRA funding is upfront.

If a subscriber used part of their HRA already, for example they used **$450** of the **$1000** annual HRA in the month of January and then contacted GEHA that they are now eligible for an HSA beginning in February, the subscriber has two options:

1. GEHA can prorate what's left of the HRA money to fund the HSA for the remainder of the year. This means we would make the HSA effective in June instead of February. The subscriber would not be able to make their own contributions until on or after the date the HSA was established.
2. We can adjust claims to recover all but the January HRA money, reduce the HRA funding to only allow one month, change the plan to HSA and when the HSA gets opened, we fund the HSA from February forward. The subscriber would then owe the providers the recovered funds.

If a subscriber uses all their HRA funds for the year, we recommend setting them up for HSA deposits at the beginning of the next year. Or the subscriber can decide they want GEHA to reprocess the claims, like in step 2, and recover the funds from the providers. GEHA would then fund the HSA for the months the subscriber was eligible and would fund it monthly going forward. This would also allow the subscriber to contribute to their HSA on or after the effective date of the HSA.

Turning 65 and/or enrolling in Medicare

When must I stop contributing to my HSA?

If you enroll in Medicare Part A and/or B when you retire, you and GEHA can no longer contribute pre-tax dollars to your HSA. The month your Medicare begins, you should change your contribution to your HSA to **$0** per month. However, you may continue to withdraw money from your HSA after you enroll in Medicare to help pay for medical expenses, such as deductibles, premiums, copayments and coinsurances. If you use the account for qualified medical expenses, the funds will continue to be tax-free. If you decide to delay enrollment in both Parts A and B because you are still actively employed, you may continue to contribute pre-tax dollars to your HSA.

I plan on working past age 65 and will not enroll in Medicare A and/or B until I retire. When should I stop making HSA contributions before enrolling in Medicare?

If you qualify for premium-free Part A, your coverage will go back (retroactively) up to six months from when you sign up, known as "the six-month lookback rule." You should stop making contributions to your HSA six months before you enroll in Medicare Part A or B (or apply for Social Security benefits, if you want to collect retirement benefits before you stop working).

- **Example one:** Keisha plans to work until age 67, to reach her full Social Security retirement age. She also opts to defer Medicare until then so she can continue funding her HSA. If Keisha's birthday (and therefore her Social Security and Medicare enrollment date) is July 1 or later that year, she simply needs to stop any contributions to an HSA during the calendar year of retirement six months prior to her birthday.
- **Example two:** If Keisha's retirement date was April 1, her Medicare enrollment with the six-month lookback would be November 1, of the previous year. If Keisha fully funded her HSA by the maximum allowable amount in the previous year, she would need to recalculate for the two months of ineligibility then take steps to remove the excess contributions from the account. If she had already filed her income tax return for that year before removing the excess contributions, an amendment may be in order to account for the loss of the tax deduction taken for ineligible contributions.

Is the qualification for an HRA simply that I am turning 65 (and on the HDHP plan)? What if I have not enrolled in Medicare yet?

The reason we state 65 is because most people are eligible for Social Security benefits at 65, and if you collect your Social Security benefit you are automatically enrolled in Medicare Part A (you cannot collect your Social Security benefit and not enroll in at least Part A). Once you are enrolled in Medicare Part A you are no longer eligible to contribute to your HSA.

Explain what happens to my HSA funds.

- **If I stay on an HDHP plan while also on Medicare, is an HRA opened for me? Yes.** since you will no longer qualify to contribute to the HSA, you will be enrolled into an HRA as long as you are still enrolled in the HDHP.
- **Is it automatic or must they inform GEHA?** GEHA must be informed if you enroll in Medicare.
- **If I change to a traditional fee-for-service Medicare PPO plan from an HDHP plan at Open Season, can my HSA funds still be used? Yes.** you can continue to use your available funds for eligible expenses until you have a **$0** balance. You can no longer contribute to the HSA, and GEHA will no longer pay any of the maintenance fees associated with the HSA.

I am the subscriber on the HDHP plan. My spouse is on Medicare, but I am not. Can we still contribute to an HSA?

- **Yes.** You can contribute as long as you, the subscriber, do not have any other coverage (including Medicare). Even if your spouse has other coverage, it will not affect your qualification to have the HSA.
- **If so, how much?** If you have Self Plus One or Self and Family coverage with the HDHP, you can contribute up to the annual IRS maximum for a family plan. In 2024 the maximum is **$8,300**.
- Also, if you are age 55 or older, you can make a “catch-up” contribution of up to an additional **$1,000** for a total of **$9,300**.

If I am over 65 and retired, can I use my HSA funds to pay my after-tax FEHB health plan premiums in retirement?

No. You cannot use funds in your HSA to pay for FEHB premiums. You may continue to withdraw money from your HSA after you enroll in Medicare to help pay for medical expenses, such as deductibles, copayments and coinsurances. You can continue to use the funds tax-free for qualified medical expenses. See IRS publication 502 at **irs.gov/Pub502**

- **Can I use my HSA funds to pay for my Medicare Part B premiums in retirement? Yes.** you can use them to pay for Medicare Part B premiums.

Am I eligible for an HSA if I am enrolled in Medicare Part A but not in Medicare Part B?

No. You are no longer eligible if you have any part of Medicare, even if it is just Part A. However, you are eligible to use existing HSA dollars for eligible medical expenses.

Contributions to your account

Who can contribute to an HSA?

The account holder, plus anyone else who is willing. How much per year? You can contribute up to the IRS maximum. This amount can change annually. For 2024, it is $4,150 for Self Only, and $8,300 for Self Plus One or Self and Family. This maximum includes what GEHA contributes with the monthly premium pass-through amount (in 2024 that is $1,000 for Self Only or $2,000 for Self Plus One and Self and Family annually), so your contributions can make up the difference between the GEHA contribution and the IRS maximum.

Can I make contributions to the HSA through payroll deductions?

Yes. You can have money deducted from your paycheck to fund your HSA up to the IRS limits. In fact, this is the best way to do it, as the money will be taken out on a pre-tax basis and reported as such to the IRS at tax time by both your employer and HSA Bank.

- **How do I set this up?** Through your HR/payroll department using HSA routing number **075907947** and your ten-digit HSA Bank account number.
- **When can I start my contributions?** Technically, money can be added to the HSA on the first day of the first month, following your eligibility date. If you joined during Open Season, that date is typically February 1.
- **Is it pre-tax? Yes.** This would be a pre-tax deduction. It reduces your taxable income.

When can I make contribution changes?

This would be up to your HR/payroll department, but technically for HSA Bank, anytime and as often as you would like. No limits.

How soon can I use the funds in my HSA?

As soon as your HSA is established, you can use any available funds for qualified expenses, for any dates of service on or after your account established date. There is no waiting period. HSA Bank receives the enrollment file from GEHA to open an account with a specific effective date. For Open Season enrollments that date is the first Sunday of the first payroll period of the new year, which is rarely January 1. Once the effective date hits, HSA Bank funds the account with **$0.01** which counts as funding. This allows the account holder to pay for eligible expenses back to the effective date which is the day the HSA was established.

How do prorated contributions work if I start an HSA mid-year (new employee) or leave federal service mid-year?

For you to be eligible for an HSA in a given month, you have to be eligible in the HDHP plan on the last day of the month. If you are not enrolled in or eligible for the plan for a full 12 months, then your maximum contribution amount is reduced by 1/12 for any month you are ineligible in that 12-month period. There is an exception to this rule in that you can contribute **100%** of the annual limit to an HSA fund as long as you were enrolled in an HDHP plan on the first day of the last month of your tax year (typically December 1) and stay enrolled in an HDHP plan for the following 12 months.

Can I self-fund my account with $2,000 upon opening?

Once your HSA is established, you can self-fund up to the IRS maximum whenever you want. Just keep in mind that if your HDHP plan will be making monthly contributions for the plan year, you will need to subtract that amount from the IRS maximum to know what you're allowed to self-fund on top of that.

- **How do I make these additional contributions to my account?** If you are not going to have this done through payroll deductions, it is recommended to use an electronic transfer between your personal bank account to your HSA Bank account. These are **free** at HSA Bank.

What is a catch-up contribution?

If you are age 55 or older, the IRS permits you to make additional "catch-up" contributions to your HSA until you are enrolled in Medicare.

- **Who is it for and how much is it?** It is for any subscriber aged 55 years or older who is enrolled in an HDHP and has an HSA, until they enroll into Medicare. The amount of the "catch-up" contribution is **$1,000** annually.

Does the act of turning 65 disqualify me from contributing to an HSA if I am still working and have not yet enrolled in Medicare Part B?

Most likely you will be automatically enrolled in Medicare A (even if you are still working), and that will disqualify you from contributing to an HSA. If you are enrolled in Medicare Part A and/or B, you can no longer contribute pre-tax dollars to your HSA because such contributions require that you have no health insurance other than an HDHP. The month your Medicare begins, you must change your contribution to your HSA to **$0** per month. However, you may continue to withdraw money from your HSA after you enroll in Medicare to help pay for medical expenses, such as deductibles, Medicare premiums, copayments and coinsurances. If you use the account for qualified medical expenses, its funds will continue to be tax-free.

If you continue to work beyond age 65, do not collect Social Security and contact the Social Security Administration to postpone being placed into Medicare Part A, you can technically still contribute to an HSA.

As the subscriber, can my spouse and I each contribut to our own HSAs in a given year that we are on an HDHP plan as Self Plus One?

We would always suggest that the subscriber get advice from a tax preparer before making any decisions, but technically if you and your spouse are both covered under your HDHP Self Plus One plan (and neither of you have other medical coverage), then you can each have your own HSA. However, GEHA will only make the premium pass-through contributions to the subscriber's HSA through HSA Bank.

Also, be warned that the responsibility to make sure that you do not overcontribute between the two HSAs each year falls on you, the member. There are penalties for overcontributing.

Tax advantages/implications

What are the tax advantages of an HSA?

This is the **only** triple tax advantaged account in existence. Pre-tax going in, tax-free earnings as it grows, and tax-free upon withdrawal when using for qualified medical expenses. Additionally, there are tax advantages to fully funding your HSA as quickly as possible. Your HSA contribution payments (not GEHA's pass-through contributions) are fully deductible on your federal tax return. By fully funding your HSA early in the year, you have the flexibility of paying qualified medical expenses from tax-free HSA dollars or after-tax out-of-pocket dollars. If you don't deplete your HSA, and you allow the contributions and the tax-free interest to accumulate, your HSA grows more quickly for use on future expenses.

Will I owe taxes on the premium pass-through funds ($1,000/$2,000) that GEHA deposits into my HSA?

No.

What are the exact tax implications if I withdraw before I am retired?

This question should really be directed to a tax preparer, but if you are under the age of 65 and you use your funds for non-qualified expenses, the IRS imposes an HSA withdrawal penalty of **20%** on the amount.

For example, if you spend **$500** on non-qualified expenses, your penalty will be **$100**. In addition to the **20%** penalty, the IRS also considers HSA funds spent on non-qualified expenses as taxable income. This means they must include as part of your total income when filing your taxes, which could increase the amount you owe or reduce any refund you may be entitled to.

If you are 65 or older, you can withdraw your money for any reason and will not be subject to the **20%** penalty, but you do have to claim the amount as income at the end of the year, so you will still be subject to ordinary income tax.

irs.gov/Pub502

Investing[1]

1. How can an HSA be an attractive long-term investment account if it pays little interest?

The HSA is the most versatile savings account in existence. It combines the tax benefits of a tax-advantaged retirement account, like an IRA, with the tax-free benefits of qualified expense reimbursement. The ability to grow your savings over time, through tax-free investment gains is why many people favor HSA-qualified plans. In fact, GEHA members have close to **$150** million in combined investments. **20%** of our members use investment options compared to only **4.5%** in the private sector. Many federal employees are using their HSA as another way to save for retirement.

2. Can I invest the funds in my account? What are my investment options?

Yes. HSA Bank provides account holders with two investment options through its partnerships with Devenir and Schwab.

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With the Devenir self-directed investment program, account holders have access to a pre-selected group of no-load mutual funds covering a range of fund families and asset classes, as well as an easy-to-use online trading experience and reporting through HSA Bank's Member Website. Plus, account holders using the Devenir program have access to the HSA Guided Portfolio tool, which helps you make investment selections that align with your individual needs, time horizons and risk tolerances.

There's also the functionality to establish future investment elections to automate investments and auto rebalance your investment portfolio. Devenir charges a quarterly asset-based fee calculated on the amount invested that is deducted pro rata from the investment account. There is no commission on investment trades. Visit the **resource center** for more information.

3. Can I buy individual stocks through the GEHA HSA?

HSA Bank also offers a self-directed brokerage option through their partnership with Schwab, which gives account holders access to stocks, bonds, ETFs, options and thousands of mutual funds. Schwab accountholders can also access real-time data, balance information, reporting and one-click trading online, as well as independent research tools to make informed trades. Trades can also be placed by telephone, mobile device and broker. Trading fees may apply with the Schwab option. Additional fees vary by program, location or arrangement.

4. How much must I have in the account before I can start investing?

There are no minimum HSA balances required to begin investing! If there is money in your HSA, you can invest it using Devenir and/or Schwab.

5. Is there a fee for using the investment services of HSA bank?

No investment fees are deducted from your HSA Bank account when you transfer funds into Devenir and/or Schwab. Any fees associated with trading or fund expenses are deducted directly from your Devenir and/or Schwab investment accounts. Please refer to each companies fee schedules when opening your investment accounts.

1 Investment products are not FDIC insured, are not a deposit or other obligation or guaranteed by HSA Bank, and are subject to investment risks. The information provided is for informational purposes only. It should not be considered legal or financial advice. Consult with a professional to determine what may be best for your individual needs.

HSA Bank specific questions

Do I have to use HSA Bank for my account with GEHA or can I use my own?

GEHA partners with HSA Bank for ease of administration, including streamlined funding of the HSA. In addition, GEHA pays for the HSA monthly fee for the account holder. GEHA will only put the monthly premium pass-through contribution into the account with HSA Bank. You do have the option to have it transferred to another HSA if you want, but GEHA will not cover the fees to have it transferred, and a balance of at least **$0.01** must be maintained to keep the account open as the source of GEHA's pass-through deposit.

Can I use my existing HSA with the GEHA plan? If not, how do I roll my existing HSA into the new one?

Yes. However, this creates some challenges. You would be responsible for managing your contribution limit to ensure you don't go over for each account. In other words, the two accounts would need to be managed as one account when it comes to limits. Transferring assets from one HSA does take some time and effort; therefore, it would be the responsibility of the account holder.

Keep in mind, GEHA will only put the monthly premium pass-through contribution into the account with HSA Bank.

Is there a monthly fee for having HSA Bank administer my HSA?

Yes, but as long as you are enrolled in the HDHP and qualify for the HSA, GEHA will pay the monthly fees for your HSA. If you choose to take advantage of the investment option, there may be fees associated with that; this would be reviewed at the time you inquire about investing.

How do I contact HSA Bank, and can they help me with my investments?

You can speak with an HSA Bank representative 24 hours a day, 7 days a week at **866.471.5964**. However, HSA Bank does not provide investment advice.

Coordinating with spouse

Can my spouse have a separate HSA, and is that advantageous?

Yes, there are a few scenarios where you and your spouse can have separate HSAs, but there are conditions. The scenario that makes the most sense is when you are both 55+ and each have separate HSA-qualified plans and are not covered on the other's plan. You can both contribute an extra **$1,000** catch-up contribution into your separate HSAs. In the case where you are both on the same HSA-qualified plan, only the subscriber who is 55+ may contribute the **$1,000** catch-up contribution.

You and your spouse are allowed to open separate HSAs when you are covered under the same HSA-qualified plan, but can only contribute up to the combined family IRS limit, and GEHA's contribution will only be deposited into the subscriber's HSA, not your spouse's HSA. Your spouse would be responsible for any monthly fees associated with their HSA and it will be important to monitor contributions between the two accounts to ensure you are not over contributing beyond the family IRS limit.

The benefits of having two Self Only plans: you and your spouse are both federal employees and choose to have two Self Only HDHPs with GEHA. The one benefit to this setup is that you both have a separate **$1,600** deductible to satisfy, instead of a **$3,200** family deductible that you would need to satisfy under a Self Plus One or Self and Family enrollment before benefits are payable.

If you both are over the age of 55, it may be advantageous to have separate HSAs due to the additional contributions you can make annually. If you both are under just one HSA, only the subscriber of the HDHP can make the **$1,000** annual additional contribution. However, if you both are enrolled into an HDHP plan as subscribers, and you both have your own HSA and are over 55, you can each make than annual additional contribution.

Can my spouse transfer money from their HSA to my HSA?

No. You cannot rollover or transfer an account balance to another person's HSA (even if it is a spouse).

Can both spouses contribute to an HSA?

Yes. Not only can a spouse contribute to your HSA, but **anyone** willing can. There are no restrictions on who can contribute to your HSA.

Coordinating with other plans

I use the VA sometimes for health care. How does that affect my HSA?

Because non-service-related benefits received through the Department of Veteran Affairs (VA) constitutes other coverage that is not an HDHP, VA coverage can create eligibility concerns for otherwise HSA-eligible individuals. However, VA medical benefits do not always interfere with HSA eligibility. In fact, an otherwise HSA-eligible individual can make HSA contributions for a given month if he or she did not actually receive VA medical benefits during the preceding three months. Also, preventive care benefits from the VA will not disqualify an otherwise HSA-eligible individual.

I use TRICARE sometimes for health care. How does that affect my HSA?

Because TRICARE is not an HDHP and meets the required criteria for other health insurance, service members cannot establish HSAs while covered under TRICARE – even if they have an HDHP with a non-military employer.

I have an HSA from another employer. Can I combine them?

Yes. You can have the balance of your other HSA transferred to your GEHA HSA through HSA Bank. Simply complete the transfer form and submit it with the check from your previous vendor or do it online at **hsabank.com** once your account has been established. GEHA will only contribute the premium pass-through to the HSA set up with HSA Bank. If you want to transfer the money GEHA contributes to your other HSA, then you must wait until the premium pass-through is sent to HSA Bank, at which time you can set up a transfer to your other account. GEHA will not pay any fees associated with this transfer.

Sample scenario

HSA coverage example

Scenario: A prospective member starting a new federal job after the beginning of the year is interested in GEHA's HDHP plan. They state they have already fully funded an HSA for the current year to the IRS allowable limit. They ask 1) if they can still enroll in GEHA's HDHP plan and, 2) if so, how GEHA would handle the inevitable overage in the prospective member's multiple HSAs (existing account plus HSA Bank account created through membership in GEHA's HDHP plan)?

Answer:

- **Yes.** This member can enroll in GEHA's HDHP plan
- **Yes.** This member can and will get all the contributions from GEHA into their newly created HSA Bank account that they are due based on the prorated portion of the year that they are in our HDHP plan. The GEHA HSA contributions are deposited into the member's HSA starting in February with 1/12 of the annual contribution; hence, the last installment of the annual contribution isn't received until January of the following year.
- The member will have funded their combined HSAs over the IRS limit for the year. The remedy is that the member must request an Excess Contribution form from HSA Bank, compute the amount over the contribution limits plus the earnings on that overage, and submit the form to HSA Bank. HSA Bank will send the member a check in the amount of the overage. This amount is treated as normal taxable income. The amount entered into their tax return should not exceed the annual limit allowed by the IRS, and they will only get the tax savings on contributions up to the allowed HSA limit. There is a penalty for not making this adjustment by the tax filing date each year. Generally, you must pay a **6%** excise tax on the excess contributions, so it is important to remove the excess by your tax filing date.
- It is important to remember that the member is always the one responsible for ensuring they have not over contributed to one or more HSAs in a given tax year. It is not GEHA's responsibility to adjust the contributions we make to a member's HSA.

For more about excess contributions, visit **how to remove excess contributions to an HSA**

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geha.com | **800.821.6136**

See IRS Publications 502 and 969 for more information regarding qualified medical expenses, health savings accounts, and health reimbursement arrangements.

Investment products are not FDIC insured, are not a deposit or other obligation of or guaranteed by HSA Bank, and are subject to investment risks. The information provided is for informational purposes only. It should not be considered legal or financial advice. You should consult with a professional to determine what may be best for your individual needs.

This is a brief description of the features of the HDHP plan. Before making a final decision, please read the Plan's Federal brochure RI 71-014, available at **geha.com/PlanBrochure**. All benefits are subject to the definitions, limitations, and exclusions set forth in the Federal brochure.

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