GBS Health Benefits Compliance

HSA Eligibility Reference Guide

A Health Savings Account (HSA) is a tax-advantaged savings vehicle that allows individuals enrolled in a qualified High-Deductible Health Plan (HDHP) to set aside funds for eligible healthcare expenses. HSAs are intended to promote consumer engagement in healthcare decision-making and help participants manage both current and future medical costs.

Funds contributed to an HSA can be used to pay for qualified medical, dental, and vision expenses as defined by the IRS, or may be accumulated and invested for future healthcare needs, including those in retirement.

To be eligible to establish and contribute to an HSA, an individual must meet the following conditions:

- Be covered under a qualified High-Deductible Health Plan (HDHP) that meets IRS deductible and out-of-pocket maximum thresholds
- Have no other disqualifying health coverage, such as a traditional Health FSA or standard HRA.
- Not be enrolled in Medicare (Part A, B, C, or D).
- Not be claimed as a dependent on another individual's tax return.

Employers may contribute to employees' HSAs, allow pre-tax payroll deductions, and provide education about qualified expenses and compliance requirements. However, the account itself is owned by the individual, not the employer, and remains with the participant even if they change jobs or retire.

HSA Eligibility Matrix

This guide outlines what types of coverage, programs, and benefits individuals can be enrolled/ participating in while contributing to a Health Savings Account (HSA) under a High-Deductible Health Plan (HDHP).

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Permitted

Individuals CAN Be Enrolled (or have these) While Contributing to an HSA

Category	Example(s)	Why It's Allowed / Key Rules
High-Deductible Health Plan (HDHP)	Major health insurance coverage	Must meet IRS deductible and out-of-pocket rules; required for HSA.
Preventive Care	Annual physical, vaccines, screenings	HDHPs must cover preventive services before deductible without affecting HSA eligibility.
Telehealth / Virtual Visits	Teladoc, Amwell	May utilize (no or low-cost) telehealth services before meeting the HDHP deductible and without losing the ability to contribute to their HSA
Limited-Purpose FSA (LPFSA)	Dental and vision only	Compatible with HSA; not general health coverage.
Dependent Care FSA (DCFSA)	Childcare, eldercare	Not medical coverage, so it doesn't impact HSA eligibility.
Employee Assistance Program (EAP)	Counseling, crisis support	Allowed if limited in scope and does not provide "significant benefits in the nature of medical care."
Wellness / Disease Management	Smoking cessation, weight loss	Permitted if not providing "significant benefits in the nature of medical care" (e.g., medical treatment or prescriptions).
Onsite/Workplace Clinics (Limited)	Flu shots, first aid	OK if limited services (e.g., flu shots, aspirin, bandages); not full primary/urgent care.
Accident, Disability, Dental, Vision, long-term care, or Specified Disease Insurance	Cancer or accident policies	'Permitted coverage' under IRS rules.
Indian Health Services (IHS) or Veteran Affairs (VA) Benefits (limited)	Receiving IHS care or VA care for service-connected disabilities	HSA contributions allowed if no non-preventive IHS or VA care in past 3 months.
COBRA continuation of HDHP	HDHP via COBRA	Still HSA-eligible if the HDHP qualifies
Marketplace HDHP	ACA exchange HDHP plan	Allowed if meets HDHP requirements. Effective starting in 2026, the term HDHP also includes Marketplace bronze and catastrophic plans.
Direct primary care (DPC)	Concierge-style primary care membership with a fixed monthly fee (e.g., unlimited primary care visits, basic labs)	Effective January 2026, allowed if not providing beyond primary services and/or the fee does not exceed $150 (single) or $300 (family). Amounts are indexed for inflation. Examples of non-primary services: general anesthesia, prescription drugs (other than vaccines), or lab services not typical for outpatient/primary care setting.

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Not Permitted

Individuals CANNOT Be Enrolled (or have these) While Contributing to an HSA

Category	Example(s)	Why It's Allowed / Key Rules
Traditional Health FSA	General medical expense FSA	Provides pre-deductible coverage; disqualifies HSA.
Health Reimbursement Arrangement (HRA)	Employer medical reimbursement	Disqualifies HSA unless limited-purpose or post-deductible.
Spouse's FSA or HRA	Spouse can reimburse your expenses	Disqualifies HSA even if you don't use it.
Non-HDHP Medical Plan	PPO, HMO	Provides non-HDHP coverage.
Medicare (any part)	Part A, B, C, or D	Enrollment ends HSA contribution eligibility.
Indian Health Services (recent use)	IHS medical care	Non-preventive IHS care in past 3 months disqualifies HSA temporarily.
General-purpose Onsite Clinics	Primary care or urgent care clinic	Disqualifying if offering substantial pre-deductible care.
Regular EAP with medical treatment	Therapy or prescriptions	Disqualifies if it provides medical treatment.
COBRA with non-HDHP coverage	PPO via COBRA	Non-HDHP coverage disqualifies you.
Secondary coverage through spouse (that is not a HDHP)	Spouse's PPO, HMO, or FSA	Other first-dollar coverage disqualifies HSA.
Direct primary care (DPC)	Concierge-style primary care membership with a fixed monthly fee (e.g., unlimited primary care visits, basic labs)	Disqualifies if the DPC provides more than for primary services and/or if the monthly DPC fee exceeds $150 (single) or $300 (family). Amounts are indexed for inflation. Examples of providing more than primary services includes any procedure requiring general anesthesia, prescription drugs (other than vaccines), lab services not typically administered in an outpatient/primary care setting.

Special Notes & Nuances

An individual can always spend from an HSA even if they become ineligible to contribute (e.g., after joining Medicare). In other words, they may **spend** existing contributions but may not **contribute** tax free to the HSA.

Preventive care is always allowed, even when the deductible has not yet been met.

Individuals may use telehealth before the deductible is met. This was a temporary COVID rule but in July 2025 Congress pass a law that included permanent relief allowing HDHPs to provide first-dollar telehealth and other remote care services without losing the ability to contribute to their HSA

FSAs & HRAs must be limited-purpose or post-deductible to remain HSA-compatible.

Spousal coverage is a very common but unintended trigger for losing individual HSA eligibility, e.g. if a spouse's plan or health FSA covers an individual who is on an HSA/HDHP, it can disqualify the HSA contributions.

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This document is not intended to be exhaustive, nor should any information be construed as tax or legal advice.