

2026 HSA CHANGES ONCE ENROLLED IN MEDICARE

- **Does the Alliance Health Plan require Medicare enrollment at age 65?** If your C&MA employer has fewer than 20 employees your Alliance Health Plan **medical** coverage will change to Secondary payer of medical claims. For this reason the Alliance Health Plan requires you to enroll in **Medicare Part A and B** on your age-eligibility date. Please refer to the document “FAQ - Medicare and the Alliance Health Plan” for all details you need to know.
- **Once the employee is enrolled in Medicare, HSA contributions eligibility changes per IRS guidelines.** The HSA account included in the Alliance Health Plan package is solely owned by the employee and is a bank savings account only in the employee’s name. The Alliance Health Plan monthly premium includes a contribution to the participant’s HSA, for participants eligible for an HSA. Alliance Benefits will no longer bill or upload HSA contributions once a participant is age-eligible for Medicare. (The employee’s **spouse** Medicare status does not affect the employee’s eligibility for contributions to their HSA account. Only the HSA owner’s Medicare status affects eligibility.)
- **An HSA owner’s annual maximum contribution for the year is prorated based on the Medicare effective date.** To calculate your annual maximum allowable HSA contribution, divide the full year maximum by 12, then take that amount times the number of months the participant is eligible to contribute to their HSA prior to starting Medicare.

2026 full-year maximum:

- Employee Only coverage \$4,400
- Employee + Spouse/Dependent coverages \$8,750
- For those Age 55+ within the current calendar year, the annual HSA “catch up contribution” is an additional \$1,000

2026 Examples how to prorate your annual maximum: To prorate your maximum, divide the full year maximum by 12 and multiply that amount by the number of months you were NOT enrolled in Medicare. For example, at age 55 - 64, a participant with Employee + Spouse or Family coverage on the Alliance plan is eligible for an annual maximum of \$9,750. If the participant begins Medicare 7/1/2026, they are eligible to contribute a prorated amount of 6 months (January - June 2026), so their 2026 annual maximum is prorated to \$4,875. At age 55 - 64, a participant with Employee Only coverage is eligible for a total annual maximum of \$5,400. If eligible to contribute for 6 months, for example, the annual maximum is prorated to \$2,700.

Although the Alliance Health Plan will no longer bill or upload HSA contributions to your HSA account, you have until you file your 2026 taxes to deposit contributions directly into your HSA, up to your prorated IRS maximum. Remember all contributions made for the calendar year, including employer and employee contributions, count toward your IRS annual maximum.

- Your HSA account is a bank savings account in your name. All contributions made to your HSA prior to being enrolled in Medicare still belong to you, and you own the account even after end of employment. HSA money is owned by the participant and can be used toward eligible healthcare expenses until the HSA account balance is \$0. The owner of an HSA account can continue to utilize HSA funds to pay healthcare expenses for their spouse and any child(ren) they claim as a dependent on taxes, regardless of their health plan enrollment. After retirement, HSA monies can be used toward your Medicare monthly premiums.

To access your Lively HSA account visit www.livelyme.com or call Lively at (888)576-4837

Notice: It is the participant’s responsibility to comply with IRS rules regarding their HSA. Alliance Benefits is not responsible for an ineligible employee’s contributions to an HSA or for tax penalties which may be incurred by the employee if their annual maximum contribution amount is exceeded.