Health Savings Account (HSA) | 2027

2027 guide for individuals and families | Solid Health Insurance Services

What is a Health Savings Account?

An HSA is a tax-advantaged account used to save for qualified medical expenses. Eligible contributions may be deductible or excluded from federal income tax, earnings can grow tax-free, and withdrawals for qualified medical expenses are tax-free. Unused funds remain yours from year to year. Eligibility to **contribute** generally requires qualifying health coverage and no disqualifying coverage.

2027 IRS contribution and HDHP limits

IRS limit	2026	2027
HSA contribution — self-only	$4,400	$4,500
HSA contribution — family	$8,750	$9,000
Additional catch-up, age 55+	$1,000	$1,000
HDHP minimum deductible — self-only	$1,700	$1,750
HDHP minimum deductible — family	$3,400	$3,500
HDHP max out-of-pocket — self-only	$8,500	$8,700
HDHP max out-of-pocket — family	$17,000	$17,400

Contribution limits include both employer and employee contributions combined. Annual eligibility, age, coverage type and partial-year enrollment may affect the amount you can contribute. HDHP deductible/out-of-pocket thresholds above apply to traditionally qualifying HDHPs; special deemed-HDHP rules below apply to certain Bronze and Catastrophic plans.

Important change: Bronze and Catastrophic plans are HSA-compatible

Under the One, Big, Beautiful Bill Act and **IRS Notice 2026-05**, effective January 1, 2026, qualifying **individual-market Bronze and Catastrophic health plans** are treated as high-deductible health plans for HSA purposes (often called **“deemed HDHPs”**). This rule continues in 2027.

Traditional deductible tests do not apply: These plans may qualify even if their deductibles or out-of-pocket maximums do not meet the ordinary HDHP thresholds listed above.

On- and off-exchange: Bronze and Catastrophic plans available through an ACA Marketplace, including Covered California, qualify under this rule. An off-exchange individual-market plan can also qualify if it provides substantially the same coverage as a Bronze or Catastrophic Exchange plan. The IRS provides a reasonable-reliance rule when there is no reason to believe the plan fails this test. The special rule does **not** automatically extend to employer SHOP or other group Bronze plans.

Other eligibility rules still apply: You generally cannot contribute if enrolled in Medicare, covered by disqualifying non-HDHP medical insurance, covered by a general-purpose health FSA/HRA, or eligible to be claimed as someone else’s tax dependent. Certain permitted coverage and limited-purpose arrangements are exceptions.

Telehealth and Direct Primary Care (DPC)

Telehealth: For plan years beginning on or after January 1, 2025, qualifying HDHPs may cover telehealth and other remote care before the deductible without jeopardizing HSA contribution eligibility. This relief is permanent.

Direct Primary Care: Starting January 1, 2026, qualifying DPC service arrangements may coexist with HSA eligibility. HSA funds may pay qualifying periodic DPC fees tax-free. The 2027 aggregate fee limits remain **$150 per month for an individual** and **$300 per month for an arrangement covering more than one person**. The arrangement must meet IRS requirements; not every membership or concierge practice qualifies.

Who can contribute to an HSA?

You must have qualifying coverage (a traditional HSA-qualified HDHP or an eligible individual-market Bronze/Catastrophic plan), no disqualifying additional health coverage, not be enrolled in Medicare, and not be claimable as another taxpayer's dependent. HSA contribution eligibility is determined month by month, with a special last-month rule and testing period in certain cases.

How do I fund an HSA?

Open an HSA with a qualified custodian or bank. You can contribute directly and potentially deduct eligible contributions on your federal tax return, or contribute through an employer's qualifying payroll arrangement. A one-time qualified HSA funding distribution from an IRA may be possible, subject to IRS restrictions. Contributions for a tax year generally can be made until the federal tax-filing deadline (excluding extensions).

What can HSA funds pay for?

Qualified medical, dental, vision and prescription expenses generally qualify under IRS rules. Eligible expenses may be incurred by you, your spouse or qualifying tax dependents even if they are not enrolled in your health plan. Health insurance premiums are usually not eligible, with exceptions such as COBRA, certain unemployment-related premiums, qualifying long-term-care insurance premiums within IRS limits, and Medicare premiums (but not Medigap premiums). Qualified DPC fees can also be eligible.

What if I use HSA funds for nonmedical expenses?

Nonqualified distributions are generally subject to ordinary income tax plus an additional **20% tax before age 65**. Beginning at age 65, the additional 20% tax no longer applies, although nonqualified withdrawals remain taxable as ordinary income.

What happens when I enroll in Medicare?

You may continue to spend existing HSA funds on qualified expenses, including eligible Medicare Part B, Part D and Medicare Advantage premiums, but you cannot make new HSA contributions for months in which you are enrolled in Medicare (including Part A). **Important:** Medicare Part A may be retroactive for up to six months when you enroll after age 65, but not before your 65th birthday. If delaying Medicare and planning HSA contributions, review your enrollment date and stop contributions in time to avoid excess contributions. The six-month rule is not universal.

Do unused HSA funds expire?

No. HSA balances roll over every year and remain yours if you change employers, insurers or retire. Depending on the custodian, balances may earn interest or be invested; investments can fluctuate in value. Keeping enough liquid for near-term medical costs may be prudent.

How do I pay medical bills?

Many HSA custodians provide a debit card, bill-payment tools or reimbursement transfers. Keep receipts and records supporting eligible expenses; the HSA custodian generally does not determine whether every expense qualifies.

Why consider an HSA?

An HSA can combine tax advantages with flexibility for current and future healthcare expenses. Whether a Bronze, Catastrophic or traditional HDHP is a good choice depends on premiums, provider access, prescriptions, expected medical use and financial risk—not HSA eligibility alone.

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Questions about your 2027 coverage? Contact **info@solidhealthinsurance.com** or **310-696-2002**. California insurance license #6003954.