Health Savings Account (HSA)

HSA CONTRIBUTION LIMITS Maximum contribution per calendar year; includes both employee and State contributions combined	
Employee	$4,400
Employee + spouse and/or children	$8,750
Age 55+	An additional $1,000 can be contributed to the account each calendar year
STATE CONTRIBUTIONS $500 for newly hired employees and $500 - $1000 depending on your coverage level as of April 1, 2026, and contingent on completing your well-being requirements.	

Eligible employees who elect a high-deductible health plan may open a health savings account (HSA): a triple tax-advantaged account you can use for eligible healthcare expenses.

Use the savings in your HSA to pay for medical, prescription, dental, and vision expenses as they occur, or keep the funds in your account until you need them later in life.

If you qualify and earn your well-being reward, you will receive a contribution to an HSA if you enroll in one of the High Deductible Health Plans.

It's important to note that if you want the employer contribution to the HSA in the form of incentive dollars, do not select "HSA Ineligible or Declined." This will prevent you from receiving your reward dollars. Instead, during Open Enrollment, select the HSA option with the corresponding plan, and enter the amount you wish to contribute each paycheck. If you only want the incentive, put "$0.00" for the contribution amount.

To learn more about HSAs, download contribution forms, and get instructions for opening an account, visit https://sd.gov/bhra/ and click on Benefits.

HSA ADVANTAGES

- HSAs offer tax-free contributions, interest, and investment earnings.
- Set aside your own pre-tax funds and/or enjoy annual contributions from the State when you earn your wellness incentive.
- Funds roll over from year to year. There is no deadline to use your contributions.
- HSAs are individually owned and portable. The money is yours to keep, even if you change jobs or retire.
- You can change your pre-tax payroll contribution amount at any time.
- Contributions may be invested for long-term growth.
- At age 65, or in the event you become disabled, disbursements for non-qualified healthcare expenses may be made without penalty (but will be subject to income tax).
- Upon death, the HSA becomes the property of a beneficiary you designate.

ELIGIBILITY

Not everyone is eligible to enroll in an HSA and/or make contributions. Certain situations make you ineligible, including if:

- You are covered by another health plan that is not a qualified HDHP.
- You are covered by TRICARE.
- You are a dependent on someone else's tax return.
- You are signed up for any Medicare coverage, including Parts A & B.
- You have a spouse contributing to a medical FSA.

If you have questions about your HSA eligibility, contact WEX at 1.866.451.3399, or consult your tax advisor.