HEALTH SAVINGS ACCOUNT ELIGIBILITY

Beginning January 1, 2018, for the tax year 2018, disqualifications may occur due to a potential conflict between the state and federal law.

Maryland legislature has passed a law requiring insurance plans sold to individuals and businesses in Maryland to cover male sterilization benefits on a first-dollar basis effective January 1, 2018. HSA qualified plans cannot cover any benefits on a first-dollar basis before the plan deductible is met except for “preventive care services” as defined by the Internal Revenue Service (IRS). At this time the IRS does not specifically address whether or not male sterilization is a ‘preventive care service” and therefore exempt from the plan deductible. The IRS has been asked by the Maryland Insurance Administration (MIA) to provide guidance on this specific matter. Until such guidance is provided, it remains uncertain whether or not plans that cover male sterilization under the state mandate are HAS qualified effective January 1, 2018.

However not all HSA owners will be impacted by this conflict. Only those that purchase their HAS qualified insurance plan:

 \* Directly from the Insurance Carrier

 \* Through the Maryland health insurance exchange

 \* Through their employer (and is not a self-funded plan sponsored by the employer)

We are recommending that you consult your tax advisor, legal advisor or your employer. (If you have an employer sponsored plan.)