



## Ask Bob: Can I Use HSA funds to Pay Medicare/Medicare Advantage Plan Premiums?

Recently unemployed, a reader asks about using HSA funds to pay his Medicare premiums.

ROBERT POWELL, CFP® | May 20, 2021

### Question

I am over 65, not collecting Social Security (yet), and on Medicare with a third party medical advantage plan.

I departed my employment within the last year with substantial savings in a HSA (health savings account). I am currently collecting unemployment.

I was aware HSA funds could not be used for medical premiums, but it appears I can use HSA funds to pay both basic Medicare and (Medicare) Advantage plan premiums while I am collecting unemployment...have I correctly interpreted this?

Is there a good single source of rules for use of HSA funds? I have a few documents, but none of them noted the exception concerning medical premiums IF on unemployment.

## Answer

“You are correct,” says Lynn Dunston, CFP® and a partner with [Moneta](#). The IRS specifically states that you can use HSA funds to pay basic Medicare and Medicare Advantage plan premiums.

Dunston explains that you can’t treat insurance premiums as qualified medical expenses unless the premiums are for any of the following:

1. Long-term care insurance.
2. Health care continuation coverage (such as coverage under COBRA).
3. Health care coverage while receiving unemployment compensation under federal or state law.
4. Medicare and other health care coverage if you were 65 or older (other than premiums for a Medicare supplemental policy, such as Medigap).

The premiums for long-term care insurance (item (1)) that you can treat as qualified medical expenses are subject to limits based on age and are adjusted annually. See *Limit on long-term care premiums you can deduct* in the Instructions for Schedule A (Form 1040).

Items (2) and (3) can be for your spouse or a dependent meeting the requirement for that type of coverage. For item (4), if you, the account beneficiary, aren’t 65 or older, Medicare premiums for coverage of your spouse or a dependent (who is 65 or older) aren’t generally qualified medical expenses.

A good resource for the use of HSA funds, says Dunston, is the [Publication 969, Health Savings Accounts and Other Tax-Favored Health Plans](#).

Assistant editor Kim McSheridan assisted with this report.

## Got questions? Get answers!

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