

HSA-compatible plan basics

How a health savings account (HSA) works
with your health plan

Real-time financial flexibility, tax-free savings plan

What if you had a savings account to help cover health care costs — and the dollars rolled over from year to year? What if the money you spent on health care could help you save on taxes? What if you had an account to save for retirement — whether that's one year away or a decade away? That's the power of an HSA paired with an HSA-compatible health plan.

An HSA-compatible health plan enables you to save and spend money tax free in an account that rolls over year-to-year and goes with you wherever you go.



If you're close to qualifying for a subsidy, but your income is slightly over the limit, contributing to an HSA can lower your annual taxable income and help make you eligible. A financial advisor or broker can help you determine if this will benefit you.

Two components of HSA-compatible plans:

1 Qualifying health plans

The first component is a health plan that's eligible to be paired with an HSA. At UCare, we offer standard HSA plans and HSA-compatible copay plans. Just like traditional health plans, you choose your level of coverage (bronze or silver) and network (broad or focused) that works best for you.

Standard HSA plans

Also known as high-deductible health plans (HDHPs), these health plans offer somewhat lower monthly premiums with the trade-off of lesser up-front coverage before the health plan kicks in. These plans can be a good fit for those who are generally healthy and can fund an HSA and pay the premiums.

HSA-compatible copay plans

The UCare Bronze copay plans are newly eligible for HSAs in 2026. Those who may need regular health care in the plan year — like multiple visits to a chiropractor or monthly prescriptions — may want to choose a copay plan that offers lower up-front out-of-pocket costs.



Preventive care is covered by all HSA-compatible plans

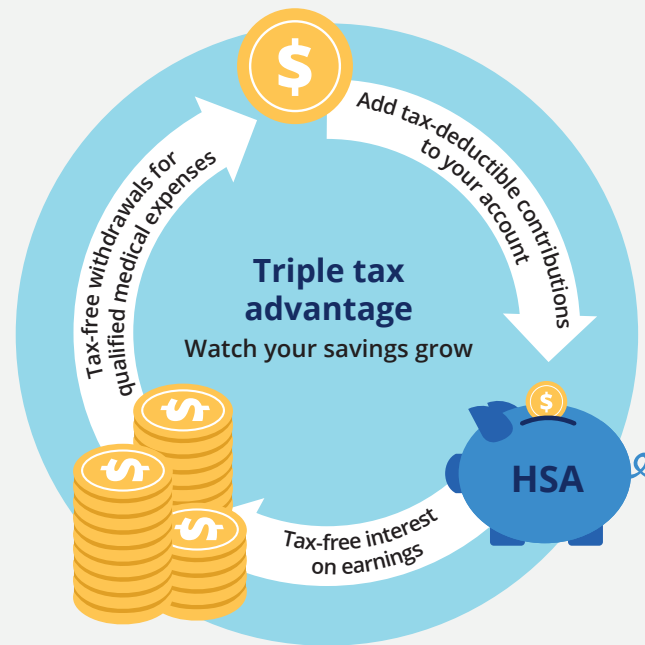
No matter which level of coverage or network you choose, in-network preventive care will be covered at 100% even if your deductible hasn't been met.

2 Health savings accounts

Next, extend the value of an HSA-compatible health plan by pairing it with an optional HSA. It allows you to contribute tax-deductible funds to save for future health care costs, gain tax-free interest on earnings and pay for qualified medical expenses tax free.

An HSA is yours to manage and ensure withdrawals are made for IRS-qualified medical expenses. The HSA can be one you already have or one you open at your bank or credit union. Your health plan company, like UCare, cannot access funds in the account.

Once your account is open, you can deposit one lump sum up to the IRS-set annual contribution limit or make smaller deposits throughout the year. You can immediately access the money in the account and it rolls over each year. You have up until the tax filing deadline of the following year to make contributions for the tax filing year.



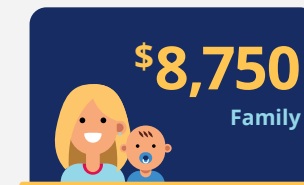
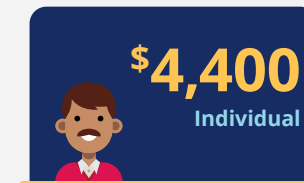
Funds in your HSA can be used to pay for medical expenses before and after you have met your health plan deductible so long as those expenses are IRS-qualified medical expenses, which include things like:

- Doctor visits
- Telehealth visits
- Lab fees
- Prescriptions
- Over-the-counter medications
- Feminine care products

It also includes LASIK, dental, vision, acupuncture and other complementary care not typically covered by a health plan. Funds in an HSA cannot be used to pay your monthly health plan premiums, however.

You'll want to keep copies of receipts for expenses paid with HSA money and report your total deposits and withdrawals from your account each year with your taxes. And you'll want to keep an eye on how much you're contributing to the account annually and not exceed the IRS contribution limits.

HSA contribution limits



2026 IRS HSA contribution limits

If you're over 55, you can make catch-up contributions of \$1,000 annually.

Contribution limits may change annually and are updated by the IRS.

+ Plus, the money in your account rolls over each year.

An investment strategy for retirement

If you're nearing retirement or plan to retire early, an HSA-compatible health plan paired with an HSA can be a smart way to save for health care costs because of the triple tax advantages.

Rather than using the money in your HSA for medical expenses now, you can let your savings grow and earn tax-free interest on the balance in your account. Plus, you can use your HSA funds for purposes beyond qualified medical expenses after age 65, but you'll pay income taxes on anything that isn't a qualified medical expense.

It's also a good idea to consult with your tax or financial advisor when considering an HSA-compatible health plan as an investment strategy for retirement.



Flexible spending at age 65

Spend your HSA funds any way you like when you reach age 65. Withdrawals for purchases that are not qualified medical expenses are subject to income taxes.

Determining when an HSA-compatible health plan is right for you and your family

Since you could be paying more up front and potentially out of pocket for health care with a standard HSA health plan, it's important to review the coverage levels and determine whether these plans may be a good fit for you and your family.

UCare offers a range of HSA-compatible health plans designed to fit your lifestyle. With health plans at the bronze and silver cost-sharing levels, you can choose the coverage that best matches your health care needs.

As you consider your health coverage options, ask yourself a few key questions to determine whether a Standard HSA or HSA-compatible copay health plan works best for you:

- How often do you and your family use health care?
- Are you comfortable paying more out of pocket before your plan starts covering costs?
- Do you want to save for future medical expenses while saving money on taxes?
- Do you have access to funds to cover your deductible if needed?

Let's take a closer look at UCare HSA-compatible plans and a few examples to illustrate the differences between each cost-sharing level and between standard HSA plans and HSA-compatible copay plans.

UCare HSA-compatible health plans

HSA-compatible copay plans	Bronze Access ¹	Bronze	UCare Easy Compare Bronze ¹
Individual / family deductible ²	\$8,600 / \$17,200	\$7,500 / \$15,000	\$7,500 / \$15,000
Individual / family out-of-pocket maximum ²	\$10,150 / \$20,300	\$10,150 / \$20,300	\$9,700 / \$19,400
Default coinsurance	45%	35%	50%
Preventive care	No charge	No charge	No charge
Primary care office visits (including mental health and substance use)	\$60 copay, unlimited	\$60 copay for first three eligible office visits, then 35% after deductible	\$0 copay for first four eligible office visits, then \$60 copay, unlimited
Specialist office visits	\$120 copay, unlimited	\$60 copay for first three eligible office visits, then 35% after deductible	\$140 copay, unlimited
Urgent care	\$80 copay, unlimited	\$60 copay for first three eligible office visits, then 35% after deductible	\$100 copay, unlimited
Convenience care	No charge	No charge	\$0 copay for first four eligible office visits, then \$60 copay, unlimited
Online care	No charge	No charge	\$0 copay for first four visits, then \$60 copay, unlimited
Emergency room	45% after deductible	35% after deductible	50% after deductible
Tier 1 prescription drugs	\$20 copay for up to 30-day supply	\$20 copay for up to 30-day supply	\$25 copay for up to 30-day supply
Tier 2 prescription drugs	\$30 copay for up to 30-day supply	\$30 copay for up to 30-day supply	50% after deductible

Standard HSA plans	Bronze HSA	Silver HSA
Individual/ family deductible ²	\$8,500 / \$17,000	\$3,500 / \$7,000
Individual/ family out-of-pocket maximum ²	\$8,500 / \$17,000	\$7,500 / \$15,000
Default coinsurance	0%	25%
Preventive care	No charge	No charge
Primary care office visits (including mental health and substance use)	0% after deductible	25% after deductible
Specialist office visits	0% after deductible	25% after deductible
Urgent care	0% after deductible	25% after deductible
Convenience care	0% after deductible	25% after deductible
Online care	0% after deductible	25% after deductible
Emergency room	0% after deductible	25% after deductible
Tier 1 prescription drugs	0% after deductible	25% after deductible
Tier 2 prescription drugs	0% after deductible	25% after deductible

¹Available only with the UCare Individual & Family Plan broad network

²For a family of two or more

Two scenarios highlight the out-of-pocket differences.

These examples show the differences in out-of-pocket costs under our plan options. Our simplifiers can create a similar comparison based on your unique circumstances so you can make the best plan choice for your lifestyle.

 Barb: age 62, lives in the Twin Cities, earns \$70,000 a year

Barb wants to retire early this year along with her Medicare-eligible husband. She has saved \$30,000 in an HSA and wants to keep contributing until she’s eligible for Medicare in three years. Since she doesn’t have any ongoing health conditions, Barb expects to visit her M Health Fairview doctor for her annual check-up or for any minor issues that might arise.

Our Bronze HSA plan in our focused network is a great fit for Barb’s needs. She’ll enjoy \$0 preventive care services and low premiums while continuing to save for future medical expenses in her HSA.

	Bronze	Bronze HSA	Silver	Silver HSA	Gold
Annual premium costs*	\$10,347	\$9,918	\$11,838	\$11,277	\$14,100
Deductible	\$7,500	\$8,500	\$4,250	\$3,500	\$1,500
Preventive care	\$0	\$0	\$0	\$0	\$0
Two office visits	\$120	\$240	\$70	\$240	\$0
Total Barb would pay this year (approx.)	\$10,467	\$10,158	\$11,908	\$11,517	\$14,100

 John: age 42, lives in NW Minnesota, earns \$56,000 a year

John sees his primary care doctor up to three times a year, including an annual visit for preventive care. He also takes losartan, a generic prescription drug that helps manage blood pressure.

John chooses our broad network Bronze copay plan because it gives him solid up-front coverage for help treating his chronic condition, and his premiums, deductibles and out-of-pocket costs stay low. John also saves on out-of-pocket costs and contributes toward his new health savings account.

	Bronze	Bronze HSA	Silver	Silver HSA	Gold
Annual premium costs*	\$5,987	\$5,739	\$6,850	\$6,526	\$8,159
Deductible	\$7,500	\$8,500	\$4,250	\$3,500	\$1,500
Preventive care	\$0	\$0	\$0	\$0	\$0
Two office visits	\$120	\$240	\$70	\$240	\$0
Prescription costs	\$240	\$660	\$180	\$660	\$120
Total John would pay this year (approx.)	\$6,347	\$6,639	\$7,100	\$7,426	\$8,279

*The premiums reflect pricing available based on age, region and network and don't include subsidies available through MNsure.

HSA-compatible health plan frequently asked questions

1. What are IRS-qualified medical expenses?

The IRS provides a list of what HSA funds may be spent on. For a full list of IRS-qualified medical expenses, see **irs.gov** and search for “Publication 502, Medical and Dental Expenses.”

2. If I move to a different type of health plan in a future year, can I continue to use the money I’ve saved in the HSA?

Yes, any money you have contributed in an HSA rolls over year-to-year and goes with you wherever you go — no matter the health plan you’re on, including Minnesota Health Care Programs and Medicare.



3. Do I qualify for an HSA?

To be eligible for an HSA, you must:

- Be enrolled in an HSA-compatible health plan, also known as a high-deductible health plan. You can spend money in an existing HSA without being enrolled in this type of plan, but in order to contribute money to the HSA, you must be enrolled in an HSA-compatible plan.
- Not be enrolled in Medicare, a general-purpose Flexible Spending Account (FSA) or covered by another plan that is not HSA-compatible
- Not be claimed as a dependent on someone else’s tax return

4. Where can I open an HSA?

If you don’t already have an HSA, there are many banks and credit unions that offer them. You’re free to choose any bank you like to open an HSA.

Plan for your biggest expense in retirement.

Whether your retirement is years away or just around the corner, health care expenses are likely to be one of the biggest expenses you'll face in retirement. You can expect to live longer and spend decades in retirement thanks to medical advances. For an average couple, that could mean paying \$330,000* in health care costs over their retirement years — even with help from Medicare.

The earlier you can begin planning and saving for health care costs down the road, the more prepared you'll be to reach your retirement goals. Here are some tips to help you get there:

- Consider an HSA-compatible health plan and pair it with an HSA
- Contribute the maximum amount each plan year
- If you're over 55, add the extra \$1,000 to your HSA each year as a catch-up contribution
- Avoid taking money out of your HSA until age 65 or later, when you can spend your HSA funds on health care expenses or anything else you choose

Talk with your financial advisor about the benefits of adding an HSA to your financial planning strategy.

*Fidelity Retiree Health Care Cost Estimate; based on a hypothetical couple retiring in 2024 at age 65. This material is provided for general informational purposes only and should not be considered legal, tax or financial advice. You should consult with a lawyer, tax professional or other financial advisor to determine what may be best for your individual needs.

Ready to take the next step?



For more about HSA-compatible health plans visit ucare.org/ifp-hsa or contact UCare at 1-855-307-6975 (TTY 1-800-688-2534) or ifpsales@ucare.org.



For more about HSAs, visit creditunionhsa.org.



Ready to enroll? Find a UCare HSA-compatible plan at ucare.org/ifpplan and open an HSA at your bank or credit union.



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