

	Health Savings Account (HSA)			Health Reimbursement Account (HRA)	Flexible Spending Account (FSA)
What is it?	<p>HSAs are individual expense accounts owned by employees that allow for tax-free payment or reimbursement of eligible medical expenses.</p> <p>To make contributions to an HSA, an employee:</p> <ul style="list-style-type: none"> Must be enrolled in an HSA-qualified health plan Must not be covered by another health plan Is not listed as a dependent on someone else's taxes Is not enrolled in Medicare 			<p>HRAs are employer-funded, tax advantaged plans used to reimburse employees for eligible medical expenses.</p> <p>The HRA is paired with any eligible health plan to reimburse employees for their eligible expenses.</p> <p>Spouses and dependents are also eligible to have medical expenses reimbursed if covered under the same health plan.</p>	<p>Medical FSA Medical FSAs are health care spending accounts that allow for tax-free contribution and reimbursement of eligible medical expenses.</p> <p>Dependent Care A dependent care FSA or a Dependent Care Assistance Program (DCAP) is an employer-sponsored account that sets aside pre-tax dollars to pay for daycare and other dependent care expenses required to allow an employee to work.</p>
Who is eligible?	Must have HSA-qualified health plan (\$1,350+ single / \$2,700+ family deductible in 2019).			All employees covered by their employers' health plan. Owner eligibility dependent on corporate structure.	Medical FSA and Dependent Care All employees; not self-employed.
Who can contribute?	Employer, employee, or third party (virtually anyone). All contributions are tax-free.			Employer only.	Medical FSA Employee and employer. Dependent Care Employee and employer.
What's the maximum contribution?		2018	2019	There is no specific IRS-imposed dollar cap on the amount that an employer is allowed to contribute to an HRA.	Medical FSA Determined by employer; capped at \$2,700 per employee (2019). Dependent care \$2,500 for married and file a separate tax return. \$5,000 for married jointly/head of household.
	Single	\$3,450	\$3,500		
	Family	\$6,900	\$7,000		

<p>Is it tax-advantaged?</p>	<p>Yes</p> <ul style="list-style-type: none"> ▪ Tax-free contributions ▪ Tax-free interest ▪ Tax-free withdrawals for eligible expenses 	<p>Yes</p> <ul style="list-style-type: none"> ▪ Tax-free withdrawals for eligible expenses 	<p>Yes</p> <p>Medical FSA and Dependent Care</p> <ul style="list-style-type: none"> ▪ Tax-free contributions ▪ Withdrawals must be for eligible expenses; tax free
<p>What expenses are covered?</p>	<p>Eligible:</p> <ul style="list-style-type: none"> ▪ Out-of-pocket expenses until deductible is reached ▪ Copayments, coinsurance and prescription drugs ▪ Medicare and COBRA premiums ▪ Long-term care premiums ▪ Dental and vision care expenses not covered by the health plan <p>Ineligible:</p> <ul style="list-style-type: none"> ▪ Health insurance monthly premiums ▪ Expenses that aren't related to medical treatment or care as defined by the IRS. <p>Remember: HSA funds can only be used on the account holder and their tax dependents.</p>	<p>Eligible:</p> <p>The HRA typically covers the same expenses that the health plan covers. Covered expenses may include:</p> <ul style="list-style-type: none"> ▪ In-network doctor visits ▪ Out-of-network expenses are eligible, they are not automatically taken out of the HRA account. The employee will need to submit the claim manually or use debit card (if applicable) ▪ Inpatient or outpatient hospital care ▪ Diagnostic exams ▪ Prescription medications <p>Ineligible:</p> <p>Expenses that aren't related to medical treatment or care as defined by the IRS.</p> <p>Remember: HRA funds can only be used on individuals covered on the eligible health plan.</p>	<p>Medical FSA</p> <p>Eligible:</p> <ul style="list-style-type: none"> ▪ Out-of-pocket expenses until deductible is reached ▪ Copayments, coinsurance and prescription drugs ▪ Long-term care premiums ▪ Dental and vision care expenses not covered by the health plan <p>Ineligible:</p> <ul style="list-style-type: none"> ▪ Health insurance monthly premiums ▪ Expenses that aren't related to medical treatment or care as defined by the IRS. <p>Dependent Care</p> <p>Eligible:</p> <ul style="list-style-type: none"> ▪ Licensed day care facilities ▪ Preschool programs ▪ After-school programs ▪ In-home child and dependent care services ▪ Elder care (dependent care expenses for tax dependents over the age of 13 require proof of medical necessity) ▪ Special day camp expenses <p>Ineligible:</p> <ul style="list-style-type: none"> ▪ Overnight camp ▪ Kindergarten tuition ▪ Lunches and food items ▪ Education programs ▪ Activity fees

<p>What about keeping receipts?</p>	<p>It's important to save all your receipts and explanation of benefits (EOB) statements to validate expenses, as required by the IRS.</p>		
<p>What happens to unused funds at the end of the year?</p>	<p>An HSA account belongs to the employee, and all funds remain under the ongoing ownership.</p>	<p>Employers determine if remaining funds will roll over to the following plan year and any limitations on the rollover amounts.</p>	<p>Medical FSA Employers determine if remaining funds will roll over to the following plan year and any limitations on the rollover amounts.</p> <p>Dependent Care You must meet the claims submission deadline set by your employer. Any funds unused past that deadline are returned to your employer.</p>
<p>What other accounts can you pair with?</p>	<p>May be paired with a limited FSA which can be used on dental/vision expenses.</p>	<p>May be paired with an FSA.</p>	<p>Medical FSA May be paired with an HRA. If paired with an HSA, must be limited to dental/vision only.</p>
<p>What if an employee changes jobs or retires?</p>	<p>HSA accounts are portable, meaning the employee maintains ownership of account and fund, even if there is a change in employment or retirement.</p>	<p>Funds in the account are not maintained by the employee if they change jobs or retire.</p>	<p>Medical FSA and Dependent Care Funds in the account are not maintained by the employee if they change jobs or retire.</p>

Horizon Blue Cross Blue Shield of New Jersey provides online tools to help members understand their benefit choices.