

	Health Savings Account (HSA)			Health Reimbursement Account (HRA)	Flexible Spending Account (FSA)
<b>What is it?</b>	<p>HSAs are individual expense accounts owned by employees that allow for tax-free payment or reimbursement of eligible medical expenses.</p> <p><b>To make contributions to an HSA, an employee:</b></p> <ul style="list-style-type: none"> <li>Must be enrolled in an HSA-qualified health plan</li> <li>Must not be covered by another health plan</li> <li>Is not listed as a dependent on someone else's taxes</li> <li>Is not enrolled in Medicare</li> </ul>			<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><b>Medical FSA</b> Medical FSAs are health care spending accounts that allow for tax-free contribution and reimbursement of eligible medical expenses.</p> <p><b>Dependent Care</b> 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>
<b>Who is eligible?</b>	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.	<b>Medical FSA and Dependent Care</b> All employees; not self-employed.
<b>Who can contribute?</b>	Employer, employee, or third party (virtually anyone). All contributions are tax-free.			Employer only.	<b>Medical FSA</b> Employee and employer. <b>Dependent Care</b> Employee and employer.
<b>What's the maximum contribution?</b>		<b>2018</b>	<b>2019</b>	There is no specific IRS-imposed dollar cap on the amount that an employer is allowed to contribute to an HRA.	<b>Medical FSA</b> Determined by employer; capped at \$2,650 per employee (2018). <b>Dependent care</b> \$2,500 for married and file a separate tax return. \$5,000 for married jointly/head of household.
	<b>Single</b>	\$3,450	\$3,500		
	<b>Family</b>	\$6,900	\$7,000		

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

<p><b>What about keeping receipts?</b></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><b>What happens to unused funds at the end of the year?</b></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><b>Medical FSA</b> Employers determine if remaining funds will roll over to the following plan year and any limitations on the rollover amounts.</p> <p><b>Dependent Care</b> You must meet the claims submission deadline set by your employer. Any funds unused past that deadline are returned to your employer.</p>
<p><b>What other accounts can you pair with?</b></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><b>Medical FSA</b> May be paired with an HRA. If paired with an HSA, must be limited to dental/vision only.</p>
<p><b>What if an employee changes jobs or retires?</b></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><b>Medical FSA and Dependent Care</b> 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.