

# AMERICAN FIDELITY EDUCATIONAL SERVICES



## Understanding HSAs, HRAs and FSAs

 **American Fidelity  
Assurance Company**

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# Presentation Overview

- Health Savings Accounts (HSAs)
- Health Reimbursement Arrangements (HRAs)
- Flexible Spending Accounts (Health FSAs)

***What are they? How do they work?***

# HSA Summary

- **Must have QHDHP to contribute**
  - More affordable premiums. Savings can be placed in an HSA.
- **Contribution Limits\***
  - Individual: \$3,300 / Family: \$6,550
- **Qualified Distributions**
  - Code Section 213(d) medical expenses, premiums in limited circumstances.
  - Amounts used for non-medical reasons are taxable as income and subject to an additional 20% penalty

\*Maximums indexed annually by Treasury Department.

## HRA Summary

- Employer-funded program
  - Contribution limits set by the employer
- Offered outside of Section 125
  - May also participate in General Purpose Health Flexible Spending Accounts
- Qualified Distributions
  - Can reimburse Code Section 213(d) medical expenses and health insurance premiums

# FSA Summary

- **Employer-Sponsored program**
  - Contribution limits set by the employer, not to exceed \$2550 per plan year
- **Offered inside of Section 125**
  - Full Health FSA or Limited Purpose FSA
- **Qualified Distributions**
  - Can reimburse Code Section 213(d) medical expenses
- **Use or Lose It**

## Limited Purpose FSA

- A benefit plan account that reimburses employees only for eligible dental and vision expenses
- Used in conjunction with a Health Savings Account (HSA)
- Designed for employees who have an HSA and who are not allowed to be covered by a General Purpose Health FSA



## Comparison Chart

|   | HSAs          | HRAs                   | Health FSAs        |
|---|---------------|------------------------|--------------------|
| Offers tax-free funds to reimburse qualified medical expenses       | Yes           | Yes                    | Yes                |
| Must be offered with a qualified high deductible health plan (HDHP) | Yes           | No                     | No                 |
| HDHP may provide prescription drug coverage below deductible        | No            | Yes                    | Yes                |
| Employer contributions allowed                                      | Yes           | Mandatory              | Yes                |
| Employee contributions allowed                                      | Yes           | No                     | Yes                |
| Balance may roll forward and accumulate over time                   | Yes, Required | Yes, Employer's Option | No, Use or Lose It |
| Account is portable   | Yes           | No                     | No                 |

# When Can Expenses Be Incurred?

- FSAs and HRAs will reimburse for medical expenses incurred while coverage is in effect
- HSAs allows for reimbursement of medical expenses incurred any time after the HSA is established