

Comparison of Tax-advantaged Accounts

	HSA	MSA	HRA	FSA
Name of account	Health Savings Account	Medical Savings Account	Health Reimbursement Arrangement	Health Flexible Spending Account
Who owns the account?	Individual/employee	Individual/employee	Employer	Employer
Who may fund the account?	Employer or employee, can be both in the same year Employee can contribute pre-tax dollars through Section 125 plan	Employer or employee, but not both in the same year Must be small employer or self-employed individual	Employer*	Employer/employee* Typically the employee contributes pre-tax dollars through a Section 125 plan
What plans may be offered with the tax-advantaged account?	An HDHP as follows: <u>Min. Deductible</u> \$1,300 Ind. \$2,600 Family (2015) \$1,300 Ind. \$2,600 Family (2016) <u>OPM</u> \$6,450 Ind. \$12,900 Family (2015) \$6,550 Ind. \$13,100 Family (2016)	An HDHP as follows: <u>Min. Deductible</u> \$2,200 Ind. \$4,450 Family** \$2,250 Ind. \$4,450 Family*** <u>Max. Deductible</u> \$3,300 Ind. \$6,650 Family** \$3,350 Ind. \$6,700 Family*** <u>OPM</u> \$4,450 Ind. \$8,150 Family** \$4,450 Ind. \$8,150 Family***	Effective for 2014 plan years, an employer must offer a health plan and the HRA must be considered integrated with group health plan coverage. Stand-alone HRAs are not permitted unless they are limited to excepted benefits or fall under an exemption to the Affordable Care Act (ACA).	Effective for 2014 plan years, health FSAs must qualify as excepted benefits to satisfy ACA reforms. To qualify as an excepted benefit, the FSA must meet a maximum benefit requirement and other group health plan coverage must be offered by the employer.
Is there a limit on the amount that can be contributed per year?	\$3,350 Ind. \$6,650 Family (2015) \$3,350 Ind. \$6,750 Family (2016) Catch-up contributions: \$1,000/year—age 55 by end of tax year Reduced by MSA contributions in same year	65% of individual deductible 75% of family deductible	No, there is no IRS prescribed limit	Effective for taxable years beginning after Dec. 31, 2012, employees may not elect to contribute more than \$2,500 per year to a health FSA offered through a cafeteria plan. For 2015 and 2016 taxable years, the annual limit is \$2,550.
Does the uniform coverage rule apply?	No	No	No	Yes

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Can unused funds be rolled over from year to year?	Yes	Yes	Yes	No, with two exceptions. If the FSA allows, unused amounts may be used for expenses incurred during a grace period of 2-1/2 months after end of plan year. Also, if the FSA does not incorporate a grace period, it may allow employees to carry over up to \$500 in unused funds into the next plan year.
What expenses are eligible for reimbursement?	<p>Section 213(d) medical expenses</p> <p>Effective 12/31/10, OTC medicine or drug expenses cannot be reimbursed unless they are prescribed or are insulin.</p> <p>-COBRA premiums</p> <p>-QLTC premiums</p> <p>-Health premiums while receiving unemployment benefits</p> <p>-If Medicare eligible due to age, health insurance premiums except medical supplement policies</p>	<p>Section 213(d) medical expenses</p> <p>Effective 12/31/10, OTC medicine or drug expenses cannot be reimbursed unless they are prescribed or are insulin.</p> <p>-COBRA premiums</p> <p>-QLTC premiums</p> <p>-Health premiums while receiving unemployment benefits</p>	<p>Section 213(d) medical expenses</p> <p>Effective 12/31/10, OTC medicine or drug expenses cannot be reimbursed unless they are prescribed or are insulin.</p> <p>Health insurance premiums for current employees, retirees, and qualified beneficiaries, and QLTC premiums</p> <p>Employer can define "eligible medical expenses"</p>	<p>Section 213(d) medical expenses</p> <p>Effective 12/31/10, OTC medicine or drug expenses cannot be reimbursed unless they are prescribed or are insulin.</p> <p>Expenses for insurance premiums are not reimbursable</p> <p>Employer can define "eligible medical expenses"</p>
Must claims submitted for reimbursement be substantiated?	No	Yes	Yes	Yes
May account reimburse non-medical expenses?	Yes, but taxed as income and 20% penalty (no penalty if distributed after death, disability, or age 65)	Yes, but taxed as income and 20% penalty (no penalty if distributed after age 65, death or disability)	No	No
Is interest earned on the tax-advantaged account?	Yes, accrues tax-free	Yes, accrues tax-free	Yes, paid to the employer	No

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