

# Which accounts are right for you...

Healthcare reimbursement accounts are not all created equal. To help you understand the differences between HRAs, FSAs, HSAs and LP FSAs, take a look at the comparison chart we have provided. Please contact one of our [csONE Benefit Solutions Representatives](#) to discuss how one or more of these plans might fit with your Health Plan offerings.

This Plan Comparison Chart is a summary of differences between plan types. It does not intend to describe all of the rules and limitations that apply to these arrangements. It is not legal or tax advice.

|  | HRA<br>Health Reimbursement<br>Arrangement  | FSA<br>Flexible Spending<br>Account  | HSA<br>Health Savings Account  | LP FSA<br>Limited Purpose Flexible<br>Spending Account  |
|--|---|--|--|---|
| Definition   | An HRA is an employer-funded plan that may be used to reimburse employees for qualified medical expenses. | An FSA is an employer-established, tax-advantaged account funded by the employee and/or the employer to pay for qualified medical expenses with pre-tax dollars. | An HSA is a tax-advantaged savings account that is used in combination with a high deductible health plan (HDHP). Consumers use the HSA funds to cover qualified medical expenses. | An LP FSA is an employer-established, tax-advantaged account funded by the employee and/or the employer to pay for qualified <b>vision and dental</b> expenses only with pre-tax dollars. |
| Who "owns" account                                   | Employer  | Employer   | Individual\Employee  | Employer  |
| Who can contribute                                   | Employer only   | Employee   | Employee and Employer  | Employee and Employer<br>Employer can match<br>Employee election up to<br>plan maximum.   |
| Pre-tax payroll deductions allowed                   | No, employee does not contribute.   | Yes  | Yes  | Yes   |
| What is the tax treatment for employee contributions | Employees are not permitted to contribute to an HRA.  | Employee contributions to an FSA are made on a pre-tax basis, and therefore reduce annual taxable income.  | Employee & Employer contributions are tax free.  | Employee contributions to an LP FSA are made on a pre-tax basis, and therefore reduce annual taxable income.  |
| Maximum contribution limit                           | No  | Yes  | Yes  | Yes   |
| Entire election available at start of plan year      | Yes   | Health FSA – Yes<br>Dependent Care FSA – No  | No. Only Account Balance is available  | Yes   |
| Claims Substantiation                                | Required  | Required   | Not required for payment <sup>5</sup>  | Required  |
| Must have Health Plan                                | Employees must be enrolled in the CDHP Gold or CDHP Silver plan through Blue Cross Blue Shield of VT      | You do not need to be enrolled in an employer-sponsored health plan.   | Employees must be enrolled in the CDHP Gold plan through Blue Cross Blue Shield of VT.<br>Can be paired with LP FSA  | LP FSA is paired with an HSA.   |

continued...

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|  | HRA  | FSA   | HSA  | LP FSA   |
|--|--|---|--|--|
| Tax Benefit                            | Employer deposits and claim payments are tax free.                                 | Employer/Payroll deposits and claim payments are tax free.  | Contributions are tax free, interest and investment gains are tax free and withdrawals are tax free when used for qualified medical expenses.  | Employer/Payroll deposits and claim payments are tax free.   |
| Access to funds after termination      | Employee must be offered COBRA if the group is subject to COBRA Regulations.       | Employees must be offered COBRA (usually until the end of the year) if subject to COBRA regulations.  | The HSA belongs to the employee and is portable. HSA account is not tied to employment status.   | Employees must be offered COBRA (usually until the end of the year) if subject to COBRA regulations. |
| Employees carry over unused amounts    | No   | <b>Rollover Option:</b> Up to \$500 of Health FSA contributions can carry over to the following plan year (does not apply to Dependent Care FSA). | Yes. The individual owns the account and any contributions made to it regardless of the source or timing of the contribution.  | <b>Rollover Option:</b> Up to \$500 of FSA contributions can carry over to the following plan year   |
| What expenses qualify for distribution | Medical & Pharmacy expenses applied to your health plan deductible or coinsurance. | Any otherwise unreimbursed medical expenses that are defined under §213(d) of IRC.  | Medical expenses under § 213 (d) of the IRC.<br><br>HSAs may not be used to pay insurance premiums except for (1) COBRA, (2) qualified long-term care insurance (3) health care coverage while the individual is receiving unemployment compensation; and (4) premiums for Medicare Part A or B, Medicare HMO, and (5) after age 65, the employee's share of employer-sponsored retiree health care. | Any otherwise unreimbursed dental and/or vision expenses that are defined under §213(d) of IRC.      |