Comparing HSA vs. HRA vs. FSA

Health reimbursement accounts (HRAs), health savings accounts (HSAs) and health care flexible spending accounts (FSAs) are all offered by HealthFlex. They share some similar traits, but have important differences. Learn more below.

	HealthFlex HSA	HealthFlex HRA	HealthFlex Health Care FSA
Which plans?	H1500 with HSA, H2000 with HSA, H3000 with HSA	C2000 with HRA, C3000 with HRA	H1500 with HSA, H2000 with HSA, H3000 with HSA, C2000 with HRA, C3000 with HRA, B1000
How funded?	• May be funded by plan sponsor* • You may add money to an HSA (optional) • May include extra premium credit (if applicable)	• Funded by plan sponsor • You are not permitted to add money • May include extra premium credit (if applicable)	• You fund your FSA
Earnings/Interest	May earn tax-deferred interest or dividends based on account or fund you select	No interest	No interest
Tax Implications**	Triple tax advantage: 1. Contributions are deductible from gross income and are not subject to federal income tax 2. HSA earnings accrue tax-free 3. HSA withdrawals, including investment earnings, are tax-free for eligible expenses	• Plan sponsor contributions are excluded from your gross income and are not subject to federal income tax	• Your contributions are excluded from gross income and are not subject to federal income tax
Annual Funding Limit (2019)	Annual federal limit for total HSA contributions (plan sponsor + your money). • $3,500 (self-only) or • $7,000 (family) • Individuals 55 and older may contribute extra $1,000 annually ($4,500 self-only, $8,000 family)	• No annual limit • Amount determined by plan sponsor	• $300 minimum— $2,650 maximum
Funds Availability	• Any plan sponsor contributions* are available for use upon deposit at beginning of plan year • Participant contributions and any excess premium credit (prorated, monthly amount) are available monthly as they are deposited to the HSA on 5th of the month	• Available for use at beginning of plan year	• Available for use at beginning of plan year

* *H3000 has no plan sponsor contribution for HSA*
** *There may be additional tax implications for individuals approaching Medicare eligibility within the plan year. Please consult your tax adviser if you will soon be Medicare eligible.*

Comparing HSA vs. HRA vs. FSA (continued)

	HealthFlex HSA	HealthFlex HRA	HealthFlex Health Care FSA
Eligible Expenses/ Usage	• Use primarily for eligible health care expenses for tax dependents • If used for non-health care expenses, tax penalty may apply • Limited use for premiums: limited to continuation coverage, long-term care or Medicare (not including Medicare supplement)	• Use only for eligible health care expenses for those covered in the medical plan (not premiums, except after retirement) • After retirement: may use for premiums (medical, dental, vision and long-term care) —primary participant only	• Use for eligible health care expenses for tax dependents • May not use for premiums or long-term care • *If contributing to HSA, FSA is limited to dental and vision expenses only***
Substantiation/ Documentation ("proof" of claim)	• Not required, but you are responsible for reporting any taxable HSA distributions to the IRS	• Required* ** May not be required with debit card use*	• Required* ** May not be required with debit card use*
Carry-Over at Year-End	• Unused balance carries over year to year • No dollar limit on accumulated balance	• Unused balance carries over year to year *as long as you remain in HealthFlex* and through retirement • No dollar limit on accumulated balance	• Thanks to new temporary flexibility, you can carry over all unused 2020 funds for use in 2021 and 2022. In previous years you could carry over up to $550
Compatibility with Other Reimbursement Accounts	• **Compatible with limited-use FSA or HRA** • *If contributing to HSA, HRA and FSA are limited to dental and vision expenses only*** (including FSA balance carried over from a prior year and spouse's FSA/spouse's HRA)	• Compatible with FSA • *If contributing to HSA, HRA is limited to dental and vision expenses only***	• Compatible with HRA. FSA pays first—HRA pays only after FSA funds are exhausted. • *If contributing to HSA, FSA is limited to dental and vision expenses only***
If You Retire	• Unused balance is *portable; remains with you indefinitely* regardless of UMC employment/appointment	• Unused balance remains until exhausted	• Eligible expenses can only be incurred through your last date of HealthFlex coverage pre-retirement • Deadline to file claims: 90 days after leaving HealthFlex
If You Terminate UMC Employment or Waive HealthFlex	• Unused balance is *portable; remains with you indefinitely* regardless of UMC employment/appointment	• Unused balance can be used for eligible expenses for up to 90 days after termination or waiver	• Eligible expenses can only be incurred through your last date of HealthFlex coverage • Deadline to file claims: 90 days after leaving HealthFlex

More information is available through the Benefits Access website at benefitsaccess.org (log in, then select the Health tab and scroll down to "HealthFlex Exchange Plan Information).

** *Limited use until participant notifies WageWorks that the IRS-defined deductible has been met; then can be used for all eligible health care expenses. (2019 IRS-defined deductible: $1,350 individual, $2,700 family)*