

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> \$1,200 Ind. \$2,400 Family** \$1,250 Ind. \$2,500 Family*** <u>OPM</u> \$6,050 Ind. \$12,100 Family** \$6,250 Ind. \$12,500 Family***	An HDHP as follows: <u>Min. Deductible</u> \$2,100 Ind. \$4,200 Family** \$2,150 Ind. \$4,300 Family*** <u>Max. Deductible</u> \$3,150 Ind. \$6,300 Family** \$3,200 Ind. \$6,450 Family*** <u>OPM</u> \$4,200 Ind. \$7,650 Family** \$4,300 Ind. \$7,850 Family***	Any or no health plan	Any or no health plan
Is there a limit on the amount that can be contributed per year?	\$3,100 Ind. \$6,250 Family** \$3,250 Ind. \$6,450 Family*** 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. This amount will increase in future years to reflect cost-of-living increases.
Does the uniform coverage rule apply?	No	No	No	Yes

*Self-employed individuals, including partners, and more than 2% shareholders in a subchapter S-corporation **cannot** participate.

** For 2012; ***For 2013

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Can unused funds be rolled over from year to year?	Yes	Yes	Yes, subject to COBRA	No, but in some cases employee may elect COBRA through end of plan year. Unused amounts in FSA may be used for expenses incurred during grace period of two and one half months after end of 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> <ul style="list-style-type: none"> -COBRA premiums -QLTC premiums -Health premiums while receiving unemployment benefits -If Medicare eligible due to age, health insurance premiums except medical supplement policies 	<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> <ul style="list-style-type: none"> -COBRA premiums -QLTC premiums -Health premiums while receiving unemployment benefits 	<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