



Personal Spending Account Options

For Effective Dates On or After January 1, 2011

	Health Savings Account (HSA)	Health Reimbursement Arrangement (HRA)	Flexible Spending Account (FSA)
Who is eligible for this account?	An individual who is covered by a qualified high-deductible plan, as defined by the IRS.	An employee who meets the eligibility criteria established by the employer offering the HRA. (Not available to partners in a partnership or shareholders who own more than 2% stock in a Sub S corporation or LLC.)	An employee whose employer offers a plan with an FSA. (Not available to partners in a partnership or shareholders who own more than 2% stock in a Sub S corporation or LLC.)
Which plans are eligible?	It must be paired with an HSA-qualified health plan that includes the required U.S. Treasury Department minimum deductibles of: <ul style="list-style-type: none"> • \$1,200 (individual) • \$2,400 (family) And the maximum out-of-pocket costs of: <ul style="list-style-type: none"> • \$5,950 (individual) • \$11,900 (family) 	HRAs are generally paired with deductible-based plans when offered through Blue Cross Blue Shield of Massachusetts; however, employers have considerable flexibility in plan design.	FSAs can be offered with any medical plan and can be offered to employees who do not sign up for health coverage. When offered with an HSA, there are limits on the types of FSAs available.
Who can contribute to the account?	Employee and/or employer	Employer	Employee and/or employer
What is the tax treatment of contributions?	Employer contributions are tax-deductible and not subject to employment taxes. Employee contributions are tax deductible. Employers must include the value of contributions to HSAs on the employee's W-2.	Employer contributions are tax-deductible and generally not subject to employment taxes. Employers must include the value of contributions to HRAs on the employee's W-2.	Employer and employee contributions are tax-deductible and generally not subject to employment taxes. Employers must include the value of salary deduction contributions to FSAs on the employee's W-2.

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Who owns the account?	Employee	Employer	Employer and employee
What are the maximum contribution limits?	<ul style="list-style-type: none"> • \$3,050 (individual) • \$6,150 (family) Participants who are 55 or older can contribute an additional \$1,000 annually.	The employer sets contribution limits.	The employer sets contribution limits, subject to plan document and non-discrimination requirements.
What can the money be used for?	Distributions from HSAs for over-the-counter medicines (other than insulin) will no longer be permitted, unless the purchase is pursuant to a prescription. The additional taxes on distributions from an HSA that are not used for qualified medical expenses is 20%.	Distributions from HRAs for over-the-counter medicines (other than insulin) will no longer be permitted, unless the purchase is pursuant to a prescription.	Distributions from FSAs for over-the-counter medicines (other than insulin) will no longer be permitted, unless the purchase is pursuant to a prescription.
Can the money be invested?	Yes	No	No
Do funds roll over from year to year?	Yes, participants can build up funds in the account over their lifetime.	Funds may carry forward, subject to restrictions and limits set by the employer.	No, participants forfeit unused funds at the end of the year. Employers may also opt to offer a grace period following the plan year.
Are the funds portable?	Yes, funds belong to the participant.	No, the employer sets the rules for post-employment access to the account.	No, the employer sets the rules for post-employment access to the account.

