



# Comparing HRA vs. HSA vs. FSA (MRA)

Health reimbursement accounts (HRAs), health savings accounts (HSAs) and health care flexible spending accounts (FSAs, also called medical reimbursement accounts or MRAs) are all offered with various HealthFlex plans. They share some similar traits, but have important differences. This document summarizes some of the key characteristics of each.

More information is available through the HealthFlex/WebMD website at [wespath.org](http://wespath.org) (scroll down to select “HealthFlex/WebMD”; then log in).

	HealthFlex HRA	HealthFlex HSA	HealthFlex Health Care FSA (MRA)
<b>Which plans?</b>	C2000, C3000	H1500, H2000, H3000	B1000, C2000, C3000, H1500, H2000, H3000
<b>How funded?</b>	<ul style="list-style-type: none"> <li>Funded by plan sponsor (annual conference or UMC employer)</li> <li>You are not permitted to fund an HRA (no personal funds)</li> <li>Defined contribution (DC) excess (if applicable)</li> </ul>	<ul style="list-style-type: none"> <li>May be funded by plan sponsor*</li> <li>You may choose to add personal funding contributions to an HSA (optional)</li> <li>Defined contribution (DC) excess (if applicable)</li> </ul>	<ul style="list-style-type: none"> <li>You fund your FSA</li> </ul>
<b>Earnings/Interest</b>	Account does not earn interest	Account assets may earn tax-deferred interest or dividends based on account or fund you select	Account does not earn interest
<b>Tax Implications**</b>	<ul style="list-style-type: none"> <li>Plan sponsor contributions are excluded from your gross income and are not subject to federal income tax</li> <li>You are not permitted to contribute to an HRA</li> </ul>	Triple tax advantage: <ol style="list-style-type: none"> <li>Contributions are deductible from gross income and are not subject to federal income tax</li> <li>HSA earnings accrue tax-free</li> <li>HSA withdrawals, including investment earnings, are tax-free for eligible expenses</li> </ol>	<ul style="list-style-type: none"> <li>Your FSA contributions are excluded from gross income and are not subject to federal income tax</li> </ul>
<b>Annual Funding Limit (2018)</b>	<ul style="list-style-type: none"> <li>No annual limit</li> <li>Amount determined by plan sponsor</li> <li>Some plan sponsors may provide additional HRA contribution</li> </ul>	Annual federal limit for total HSA contributions (plan sponsor and participant): <ul style="list-style-type: none"> <li>\$3,450 (self-only) or</li> <li>\$6,900 (family)</li> <li>Individuals 55 and older may contribute extra \$1,000 annually (\$4,450 self-only, \$7,900 family)</li> </ul>	<ul style="list-style-type: none"> <li>\$300 minimum—\$2,650 (2018) maximum</li> </ul>

\* 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.

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## Comparing HRA vs. HSA vs. FSA (MRA) (continued)

	HealthFlex HRA	HealthFlex HSA	HealthFlex Health Care FSA (MRA)
<b>Funds Availability</b>	<ul style="list-style-type: none"> <li>Available for use at beginning of plan year</li> </ul>	<ul style="list-style-type: none"> <li>Any plan sponsor contributions* are available for use upon deposit at beginning of plan year</li> <li>Participant contributions and any DC excess (prorated, monthly amount) are available monthly as they are deposited to the HSA</li> </ul>	<ul style="list-style-type: none"> <li>Available for use at beginning of plan year</li> </ul>
<b>Eligible Expenses/ Usage (for primary participant, spouse and eligible dependents)</b>	<ul style="list-style-type: none"> <li>Use only for eligible health care expenses for primary participants and dependents covered in the medical plan (not premiums, except after retirement)</li> <li>After retirement: may use for premiums (medical, dental, vision and long-term care) —primary participant only</li> </ul>	<ul style="list-style-type: none"> <li>Use primarily for eligible health care expenses</li> <li>If use for non-health care expenses, tax penalty may apply</li> <li>Limited use for premiums: limited to continuation coverage, long-term care or Medicare (not including Medicare supplement)</li> </ul>	<ul style="list-style-type: none"> <li>Use for eligible health care expenses</li> <li>May not use for premiums or long-term care</li> <li><i>If contributing to HSA, MRA is limited to dental and vision expenses only**</i></li> </ul>
<b>Substantiation/ Documentation (“proof” of claim)</b>	<ul style="list-style-type: none"> <li>Required</li> </ul>	<ul style="list-style-type: none"> <li>Not required, but you are responsible for reporting any taxable HSA distributions to the IRS</li> </ul>	<ul style="list-style-type: none"> <li>Required</li> </ul>
<b>Carry-Over at Year-End</b>	<ul style="list-style-type: none"> <li>Unused balance carries over year to year as long as you remain in HealthFlex and through retirement</li> <li>No dollar limit on accumulated balance</li> </ul>	<ul style="list-style-type: none"> <li>Unused balance carries over year to year</li> <li>No dollar limit on accumulated balance</li> </ul>	<p><i>IRS “use it or lose it” rules apply</i></p> <ul style="list-style-type: none"> <li>\$500 carryover permitted to the following plan year. Remainder forfeited if not spent by December 31 (runout period to file claims: through April 30 of the following year)</li> </ul>
<b>Compatibility with Other Reimbursement Accounts</b>	<ul style="list-style-type: none"> <li>Compatible with full-use MRA</li> <li><i>If contributing to HSA, HRA is limited to dental and vision expenses only**</i></li> </ul>	<ul style="list-style-type: none"> <li><b>Not compatible with full-use MRA or full-use HRA</b></li> <li><i>If contributing to HSA, HRA and MRA are limited to dental and vision expenses only** (including MRA balance carried over from a prior year and spouse’s MRA/spouse’s HRA)</i></li> </ul>	<ul style="list-style-type: none"> <li>Compatible with HRA. MRA pays first—HRA pays only after MRA funds are exhausted.</li> <li><i>If contributing to HSA, MRA is limited to dental and vision expenses only**</i></li> </ul>
<b>If You Retire</b>	<ul style="list-style-type: none"> <li>Unused balance remains until exhausted</li> </ul>	<ul style="list-style-type: none"> <li>Unused balance is <i>portable; remains with you indefinitely</i> regardless of UMC employment/appointment</li> </ul>	<ul style="list-style-type: none"> <li>Eligible expenses can only be incurred through your last date of HealthFlex coverage pre-retirement</li> <li>Deadline to file claims: 90 days after leaving HealthFlex</li> </ul>
<b>If You Terminate UMC Employment or Waive HealthFlex</b>	<ul style="list-style-type: none"> <li>Unused balance can be used for eligible expenses for up to 90 days after termination or waiver</li> </ul>	<ul style="list-style-type: none"> <li>Unused balance is <i>portable; remains with you indefinitely</i> regardless of UMC employment/appointment</li> </ul>	<ul style="list-style-type: none"> <li>Eligible expenses can only be incurred through your last date of HealthFlex coverage</li> <li>Deadline to file claims: 90 days after leaving HealthFlex</li> </ul>

\* H3000 has no plan sponsor contribution for HSA

\*\* Limited use until participant notifies WageWorks that the IRS-defined deductible has been met; then can be used for all eligible health care expenses. (2018 IRS-defined deductible: \$1,350 individual, \$2,700 family)

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## Comparing HRA vs. HSA vs. FSA (MRA) (continued)

### Glossary

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<b>DC</b>	Defined contribution—a fixed amount from the plan sponsor credited to the total HealthFlex premium, reducing the amount a participant pays	<b>CDHP</b>	Consumer-driven health plan
<b>DCA</b>	Dependent care account (also called dependent care FSA)	<b>HDHP</b>	High-deductible health plan (IRS-qualified high-deductible health plan—eligible for HSA contributions)
<b>FSA</b>	Flexible spending account	<b>PPO</b>	Preferred provider organization health plan
<b>HRA</b>	Health reimbursement account (also called health reimbursement arrangement)		
<b>HSA</b>	Health savings account		
<b>Limited-use HRA or MRA</b>	Usage limited to dental and/or vision expenses only—until the participant reaches the IRS-defined deductible and then notifies WageWorks that such deductible has been met (2018 IRS-defined deductible: \$1,350 individual; \$2,700 family.)		
<b>MRA</b>	Medical reimbursement account (also called health care FSA)		

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