

2011	Health Savings Account (HSA)	Health Reimbursement Account (HRA)	Flexible Spending Account (FSA)
Establishment of account	Individual, employer	Employer-sponsored	Employer-sponsored via cafeteria plan
High deductible health plan (HDHP) required	Yes	No	No
Control/ownership of account	Employee	Employer	Employer
Account portability	Yes; required	No	No; except COBRA
HDHP eligible deductible minimum	\$1,200 individual \$2,400 family	N/A	N/A
Maximum contribution	\$3,050 individual \$6,150 family	None, unless plan design imposes one	None, unless plan design imposes one
Out-of-pocket maximum (in network)	\$5,800 individual \$11,900 family	N/A	N/A
Catch-up contribution	\$1,000 in 2011 (for individuals 55 & older)	N/A	N/A
Funding	Individual, employee salary reduction dollars, employer, third party	Strictly employer	Employee salary reduction dollars, employer
Required pre-funding	Yes	No	Yes
Carryover of unused funds	Yes; non-forfeitable	Yes (employer decides); usually forfeited	No; forfeited
Qualified expenses	Qualified medical expenses as defined under IRS Publication 502 including OTC medicines. Premiums for COBRA, LTC, health insurance when unemployed or over 65 (except Medigap)	Qualified medical expenses as defined under IRS Publication 502 and OTC medicines. Premiums for health insurance including LTC	Qualified medical expenses as defined under IRS Publication 502 and OTC medicines.
Who can use funds	Individual and all eligible dependents	Individual and all eligible dependents	Individual and all eligible dependents
Disbursement of money	Checks, debit card, withdrawal slips	Reimburse through employer	Checks, debit card, withdrawal slips
Claims substantiation	No; but be prepared should IRS inquire	Yes	Yes
Rollover from other funds	Permitted on one-time basis	Not permitted	Not permitted
Cash out of unused funds	Permitted – taxable & subject to 10% excise tax unless disabled, deceased or over age 65	Not permitted	Not permitted

	HSA	HRA	FSA
Tax treatment of contributions	Individual or employee to their own HSA – tax deductible. Employer to employee's HSA – deductible by employer, excluded from employee's gross income.	Only employer contributions permitted - deductible by employer, excluded from employee's gross income.	Employer to employee's HSA – deductible by employer, excluded from employee's gross income.
Taxation of interest or dividends	Varies based on use	N/A	N/A

Partial list of qualified health care expenses (IRS Publication 502 - www.irs.gov/pub/pdf/p502.pdf)

- Acupuncture
- Alcoholism (treatment)
- Ambulance (hire)
- Autoette or wheelchair
- Blind persons services
- Braces
- Capital expenditures - Home modifications for handicapped.
- Car equipped for wheelchair/handicapped
- Childbirth preparation classes (mother)
- Chiropractors
- Christian Science treatment
- Contact lenses, replacement insurance
- Crutches
- Deaf persons - Hearing aid and batteries, Hearing aid animal and care, Lip reading expenses, Special education, modified telephone
- Dental fees
- Dentures or artificial teeth
- Diagnostic fees
- Diapers (adult disposable) used due to severe neurological disease
- Doctor's fees
- Domestic aid - rendered by nurse
- Drug addiction recovery
- Drugs (prescription)
- Dyslexia language training
- Elevator alleviation of cardiac condition
- Eyeglasses and examination fee
- Fluoride device (on advice of dentist)
- Halfway house (adjustment to mental hospital)
- Healing services fees
- Health Maintenance Organization
- Hospital care
- Insulin
- Iron lung
- Laboratory fees
- Laetrile (by prescription)
- Lead paint removal
- Legal expenses (authorizing treatment of mental illness)
- Lifetime medical care (Prepaid; retirement home)
- Limbs (artificial)
- Lodging (limited to \$50/night)
- Mattress (prescribed for arthritis)
- Membership fees (association furnishing medical services, hospitalization, clinical care)
- Nursing home (medical reasons)
- Nursing services (board and Social Security paid by taxpayers)
- Obstetrical expenses
- Operations (legal)
- Optometrists
- Orthodontia
- Orthopedic shoes (excess costs)
- Osteopaths
- Oxygen/oxygen equipment
- Prosthesis
- Psychiatric care
- Psychologists
- Psychotherapists
- Reclining chair for cardiac patient
- Remedial reading
- Retarded person's costs for special home
- Retirement home Lifetime medical care
- Sanitarium rest home (medical, educational, rehabilitative services)
- Schools (special, relief, or handicapped)
- Sexual dysfunction treatment
- Surgical fees
- Swimming pool (for polio or arthritis)
- Teeth (artificial)
- Television (closed-caption decoder)
- Therapy treatments (prescribed)
- Transportation (for medical care)
- Vitamins (prescription)
- Wheelchair or autoette
- X-rays

Provided by May Insurance Services, Inc.

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**This flyer provides a simplified description; please refer to the IRS or your plan documents for complete details and descriptions.*

MIS is your HSA expert!