

HSA AND HCFSa COMPARISON CHART

The following is a brief comparison of the similarities and differences between a Health Savings Account (HSA) and a Health Care Flexible Spending Account (HCFSa). Both are tax-advantaged plans that can be used to pay for qualified healthcare expenses*.

	HEALTH SAVINGS ACCOUNTS (HSA) (IRC sec. 223)	HEALTH CARE FLEXIBLE SPENDING ACCOUNT (HCFSa) (IRC sec. 125)
What is the purpose of having one of these accounts?	To pay for unreimbursed qualified current healthcare expenses, and save for future healthcare expenses.	To reimburse for qualified healthcare expenses.
Available to university employees?	Yes. Must be enrolled in a High Deductible Health Plan (HDHP) to be eligible. The university's CU Health Plan-High Deductible and the state's UnitedHealthcare HDHP with HSA Plan and Kaiser HSA plans (state plans for classified staff <50%) are all qualified HDHPs.	Yes. Participation in a university or state medical plan is not required. Must re-enroll each open enrollment to participate.
Who is eligible to contribute?	Employers, employees, individuals covered by a qualified HDHP (spouses and children can contribute as well).	Employees
Who owns the account?	Individual/Employee	University
What are the maximum contribution amounts for the 2012 tax year?	\$3,100 individual coverage/\$6,250 family coverage. Individuals age 55 or older can make "Catch Up" contributions of \$1,000.	\$2,500
Is a pre-tax contribution allowed?	Yes, however the university does NOT currently sponsor an HSA, so employees CANNOT make pre-tax contributions. Employees can set up payroll deposits to their HSA account by completing the Direct Deposit Authorization Form on the PBS website. The tax advantage will be gained when you file your income taxes.	Yes
Can contributions be used to pay for healthcare premiums?	No (except COBRA premium or while receiving unemployment compensation and long-term care premiums).	No
Can the unused contribution be rolled over?	Yes	No, all unused contributions are forfeited.
Are account contributions portable?	Yes	No
Are there any penalties for withdrawal before age 65?	Yes, 10% if not paying for qualified healthcare expenses.	N/A

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IRS rules to remember.	1. Recapture Rule will apply if you become ineligible for contributions during the testing period. Check with your financial institution or tax advisor. 2. FSA, HRA, IRA Rollover Privilege. Check with your tax advisor.	No
Are there any fees charged?	Maybe. Check with your financial institution.	No
Do the account contributions accrue interest?	Your account may accrue interest tax free. Check with your financial institution.	No
Can a surviving spouse set up an account?	Yes, as long as they are enrolled in an eligible HDHP and not enrolled in Medicare.	No
Can I submit claims for expenses not covered by the HDHP (e.g., vision, dental, long-term care premiums):	Yes	Yes, with some exceptions (e.g., long-term care premiums).
Can PERA participants participate if within 3-5 years of retirement?	Yes, the Health Savings Account does not effect your Highest Average Salary calculation.	Yes, however, participation will affect your Highest Average Salary calculation.
Do I have to make contributions to the account throughout the year or can I make a lump sum contribution?	Contributions can be made as late as April 15th of the following year; however, you cannot be reimbursed for qualified healthcare expenses until your account is funded.	Your total annual allocation is divided by the number of pay periods remaining in the plan year.
If I have immediate eligible expenses, can I be reimbursed up to my annual allocated amount?	No. You will be reimbursed up to your current account balance and must resubmit remaining expenses as your HSA contributions accumulate.	Yes. Total plan year contributions are available the first day of the plan year.
*If there is any difference between this comparison chart and any applicable federal and state laws or PBS policies and procedures, the applicable federal and state laws or PBS policies and procedures will govern.		