HSAs vs. HRAs vs. FSAs

Health Savings Accounts (HSAs)	Health Reimbursement Arrangements (HRAs)	Flexible Spending Accounts (FSAs)
OVERVIEW		
• **An HSA is an account that is owned by you**, that lets you save pre-tax money to pay for qualified medical expenses. • Funds are contributed by the Town as well as the employee. • You can choose to invest HSA dollars and grow tax-free earnings. Funds never expire, even if you change health plans, employers, or retire.	• **An HRA is an employer-owned and employer-funded account**. The HRA reimburses you for eligible out-of-pocket expenses. • Eligible expenses are the claims that are attributed to your deductible. Copays are not reimbursed.	• **A FSA allows you to set-aside pre-tax money** to pay for eligible medical expenses during the plan year. • You can set up a separate FSA account for Dependent Care expenses. • The plan year runs from January 1 through December 31, with an additional 2 ½ month period to incur and pay for expenses.
2024 FUNDING		
• The 2024 HSA contribution limits are $4,150 individual / $8,300 family. • **The Town will contribute half of the deductible amount into your HSA account**, dispersed over the calendar year on a quarterly basis plus an additional $300 individual / $600 family. • Employees can choose to contribute additional pre-tax funds, up to the annual maximum.	• **The HRA reimburses the first half of your deductible** ($500 for an individual and $1,000 for a family). The Town contributes the funds into the HRA.	• 2024 FSA limits are $3,000 for medical expenses and $5,000 for Dependent Care. • All funds are contributed by the employee.
TAX BENEFITS		
• HSA contributions are made on a pre-tax basis. • Interest on these funds accumulates tax-free. • Reimbursements and payments, when used for qualified medical expenses, are distributed on a tax-free basis.	• HRA reimbursements are not considered taxable income. They are used to reimburse you for medical expenses that you have paid with taxable income.	• FSA contributions are made on a pre-tax basis. • Reimbursements and payments, when used for qualified medical or dependent care expenses, are distributed on a tax-free basis.
HEALTH PLAN CONNECTIONS		
• HSAs must be linked to a high-deductible health plan. The Town's Harvard Pilgrim HSA plan is a qualified plan.	• Burlington's HRAs are coupled with our Blue Cross HMO plan and Harvard Pilgrim Best Buy plan.	• You do not need to be enrolled in an employer-sponsored health plan to participate in a FSA. • **You cannot participate in a Medical FSA if you already have an HSA.** However, you may participate in a Dependent Care FSA. • **FSA funds cannot be used to pay for funds that are reimbursed through an HRA.**
UNSPENT FUNDS		
• **HSA funds are "real dollars" in an employee-owned account**. Unspent funds are rolled over to the next year, reducing or eliminating your share of the deductible in subsequent years. • **HSA account-holders can invest funds** in interest-bearing accounts.	• **An HRA is an account controlled by the Town**. HRA funds do not accumulate from year to year. • **HRAs do not pay interest** to participants, nor do they allow participant-directed investments.	• **FSA funds do not accumulate from year to year.** Funds not spent during the plan year (including the grace period) are forfeited.
PORTABILITY		
• **HSAs are employee owned and portable** when you leave employment.	• **An HRA's funds remain with the employer** on termination of employment.	• **Upon termination of employment, the FSA terminates as well.** Expenses prior to termination can be reimbursed, but new expenses will not be eligible.
HOW TO ENROLL		
• **You are automatically enrolled in the Town's HSA** when you enroll in our Harvard Pilgrim HSA plan. • You can choose to contribute pre-tax dollars, or make changes to funding for your HSA anytime during the plan year.	• **You are automatically enrolled in the Town's HRA** when you enroll in our Blue Cross HMO plan and Harvard Pilgrim Best Buy plan.	• You can sign up for an FSA during our annual enrollment period. • **This plan does not roll over year-to-year. You must re-enroll each year.**