

Consumer-Driven Health Care Plan Comparison



	\$125 Flexible Spending Account	Medical Savings Account	Health Savings Account	Health Reimbursement Arrangement	Supplemental Medical	Comprehensive Medical
Funding	Employee and/or Employer	Employee <u>or</u> Employer	Employee and/or Employer	Employer Only	Employee and/or Employer	Employee and/or Employer
Eligible Expenses	IRS §213: O.O.P. for co-pays, deductibles, dental, vision, O.T.C. drugs, etc.; also incl. dependent day care	· IRS §213 O.O.P. expenses · LTC Coverage · Medicare A & B premiums · COBRA premiums	· IRS §213 O.O.P. expenses · LTC Coverage · Medicare A & B premiums · COBRA premiums	May include all/part of: · Individ'l Ins. Premiums · IRS §213 O.O.P. expenses · Deductibles/Co-Insurance	First-dollar designed to cover some of the employee's deductible and co-insurance	Can be designed to cover physician, hospital and pharmacy expenses or may be more narrowly defined
Taxation of Contributions	EE: Salary reduction agreement = Pre-Tax, Pre-FICA, typical savings >30% ER: Reduces FICA tax wage base, saves 7.65%	EE: Tax-deductible on 1040 in year contributed ER: Tax deductible benefit expense in year of contribution	EE: Tax-deductible on 1040 in year contributed ER: Tax deductible benefit expense in year of contribution	EE: N/A ER: Tax deductible benefit expense in year of reimbursement	EE: Premiums may be paid Pre-Tax, Pre-FICA ER: Premiums are tax deductible benefit expense	EE: Premiums may be paid Pre-Tax, Pre-FICA ER: Prem's & any ER-paid claims are tax deductible
Taxation of Benefits	Employee receives benefits on a tax-free basis	W/Ds for qualifying medical expenses rec'd tax-free; Other W/Ds taxed as income in year withdrawn (+10% excise tax if under SSRA)	W/Ds for qualifying medical expenses rec'd tax-free; Other W/Ds taxed as income in year withdrawn (+10% excise tax if under SSRA)	Employee receives benefits on a tax-free basis	Employee receives benefits on a tax-free basis	Employee receives benefits on a tax-free basis
Year-end Rollovers	No	Yes, plus any MSA account earnings grow tax-free	Yes, plus any HSA account earnings grow tax-free	Optional	No	No
Claim Filing	Employee responsibility; Benefits not assignable; Flex Debit Card available	3rd-party claim adjudication not required, but advisable; Benefits not assignable	3rd-party claim adjudication not required, but advisable; Benefits not assignable	Typically employee responsibility & not assignable	Varies	In-network provider's responsibility; Benefits assignable
Contribution Flexibility	Yes	No; fixed annual contribution level dictated by statute	Up to \$3,050 Sgl / \$6,150 Fam	Yes	Yes	Yes
Group Size	Any	50 or fewer employees; MSAs to be phased out with introduction of HSAs effective January 1, 2004	Any; but employee must be covered by qualifying HDHP with minimum deductible of \$1,200 Sgl / \$2,400 Fam	Any	Typically requires 5+ employee lives	Any
Account Ownership	Employer	Employee - Must be in trust	Employee - Must be in trust	Employer	N/A - Insurance	N/A - Insurance
Employee "Cash Outs"	No	Yes	Yes	No	No	No
Uniform Coverage	Yes, employer has the cash flow risk	No	No	No, HRA benefit can accrue incrementally	Yes, but insurance company solely at risk	Yes, employer/insurer has the cash flow risk
COBRA Continuation	Limited to end of current plan year	No	No	Yes	Yes	Yes