



FSA and/or HRAs when in Combination with an HSA

Specially designed plans can allow employees to benefit from HSA participation while simultaneously receiving the FSA and/or HRA benefit. Employers wishing to implement these plans should take special caution as these plans are complex and can be difficult to administer.

In order to be HSA eligible, an individual must have qualifying high deductible health plan coverage. In 2009 the statutory minimum health plan deductible for single participants was \$1,150 and for family participants \$2,300. (2010 limits: 1200 single/ 2400 family) Additionally, HSA participants cannot have first dollar coverage from the FSA and/or HRA, other than for specific limited expenses, discussed below. Employers can offer an HSA compatible FSA and/or HRA in one of two ways:

1. Post-Deductible Plans
2. Limited Purpose Plans

Option 1: Post-Deductible Plans. These plans are sometimes referred to as a suspended HRA/FSA. Until the member satisfies the statutory minimum health plan deductible, the HRA/FSA is suspended or inactive. Employees would have all expenses (dental, medical, vision, Rx, OTC) reimbursed from the HSA. Once the employee met the statutory minimum HSA deductible, the employee could submit a “declared deductible” form. From the date the minimum deductible was met, the HRA and/or FSA plan would be activated and available for use. Of course, some employees will never meet the deductible. These employees would not have access to the HRA/FSA plan.

Option 2: Limited Purpose Plans: The HSA member is initially enrolled in a limited purpose FSA/HRA. The Limited purpose plan can only reimburse Dental Expenses, Vision Expenses, Preventative expenses (Manual Submission) and /or OTC items. If an employee is contributing less than \$3,000 to the HSA in 2009, dependent medical expenses would also be reimbursed first dollar without jeopardizing the HSA eligibility of an individual. However, Choice Care Card is unable to track total HSA contributions for two reasons. First, employees can make HSA contributions through April 15 of the following year and second, employees can make deposits by sending a check directly to Mellon. As such, members wishing to be reimbursed for dependent medical expenses must indicate from which account they would like to be reimbursed. Once the employee has met the statutory minimum declared deductible, the employee would submit the declared deductible form. All available account balances would then be transferred to the “wide-open” HRA/ FSA and from this point forward, the employee could use the funds for all plan eligible expenses.