

# Reimbursement Accounts



## Increase Savings. Increase Benefits.

Nova Healthcare Administrators, Inc. (Nova) offers a variety of reimbursement accounts designed to help employers and employees optimize their health care spending. No matter who your health insurance is through, our experts can help you enhance your employees' benefits while delivering tax-saving advantages that may increase their take-home pay and positively impact your bottom line.

### Advantages



**Tax savings**



**Low-cost, high-value  
benefit enhancement**



**Easy to use &  
easy to administer**

### Flexible Spending Account (FSA)

- Employee funded on a pre-tax basis, including a debit card option for convenience
- Low-cost way to enhance your employee benefits
- Employee benefit: Tax savings on approved health care spending and lower taxable income
- Employer benefit: Reduces FICA and federal unemployment taxes
- Dependent Care Reimbursement Plan for employees to pay for eligible dependent care expenses on a pre-tax basis

### Health Reimbursement Arrangement (HRA)

- Customized, employer-funded account (benefit)
- Flexible design choices, including a debit card option for convenience
- Employee benefit: Saves money on unreimbursed medical expenses
- Employer benefit: Claims paid are tax-deductible
- Individual Coverage Health Reimbursement Account (ICHRA) is fully customizable to various segments of the employee population.

### Health Savings Account (HSA)

- Individual tax-advantaged bank accounts can be funded by the employer, employee or both
- Must accompany a High Deductible Health Plan (HDHP)
- Employee benefit: Funds are owned by employee and accumulate year-to-year
- Employer benefit: Lower premium share
- Encourages economically sound choices in health care spending

# Reimbursement Accounts Comparison

	FSA and DCA	HRA	HSA
OVERVIEW	<p><b>FSA:</b> Cafeteria plan account authorized under IRC Section 125 that reimburses for qualified medical expenses defined under Section 213 (d).</p> <p><b>FSA with Dependent Care Allowance (DCA):</b> Pre-tax dollars to pay for qualified dependent care expenses.</p>	Employer maintained account that reimburses employees for qualified medical care expenses.	A tax-exempt trust or custodial account created to pay for qualified medical expenses of the employee and their dependent(s).
WHO IS ELIGIBLE	Employee whose employer offers an FSA plan.	Employee whose employer offers an HRA plan.	Individuals and families who are covered under a high-deductible health plan and no other health plan (with the exception of some permitted insurance such as workers' comp, property insurance, insurance for hospitalization, accidents, disability, dental, vision or long-term care).
HEALTH PLAN REQUIREMENTS	None.	Generally, an employee must be enrolled in a health plan sponsored by the employer to be eligible for an HRA. Small employers may offer an HRA in place of health insurance.* <i>*Subject to restrictions</i>	Qualified high-deductible health plan. Minimum deductibles and maximum out-of-pocket set by the federal government annually.
WHO MAY CONTRIBUTE	The employee, employer or both. Typically funded by employees.	Employer only (subject to non-discrimination requirements).	Either the employee or the employer (subject to comparability requirements) or both. Individuals who are claimed as a dependent on another person's tax return or who are Medicare eligible cannot contribute.
CONTRIBUTION LIMITS	<p><b>FSA:</b> Employer typically sets limits, however contributions are capped at <b>\$2,750 per employee beginning January 1, 2021.</b></p> <p><b>DCA:</b> capped at <b>\$5,000</b> or <b>\$2,500</b> for a married person filing single.</p> <p><i>*Please note amounts can be different if changed as a result of an "Act" and may have to be elected by your employer.</i></p>	No federal income tax law limits. Employer defines the amount that will be contributed.	Up to 100% of the annual maximum amount determined by the federal government.
QUALIFIED EXPENSES	<p>Unreimbursed medical expenses as defined in Section 213 (d) of IRC, except for health insurance premiums (i.e., copays, dental, vision, over-the-counter products, day care, etc.).</p> <p>Qualified Dependent Care Allowance expenses, such as after-school programs, daycare, pre-school or nursery school programs.</p>	Unreimbursed medical expenses as defined in Section 213 (d) of IRC, and may include retiree health insurance premiums, depending on employer design.	Unreimbursed medical expenses as defined in Section 213 (d) of IRC, except for allowable health insurance premiums (allowable premiums: COBRA, long-term care and insurance while receiving unemployment compensation).
ROLLOVER FROM OTHER ACCOUNTS	None allowed.	Generally no, except from one HRA to another at the same employer.	Yes. From another HSA or MSA (does not count toward annual contribution limit). Yes. From an FSA or HRA, one-time, with restrictions and conditions (does not count toward annual contribution limit).
FUND CARRYOVER	Up to \$550 may be carried over from year to year if elected by the employer (the FSA cannot have a grace period and include a carryover).	Yes. Unused balances can be carried over, but subject to employer set limits.	Yes. Funds can be carried over for the account holder's lifetime.
PORTABILITY	No. Unused balances are forfeited to the employer if the employee leaves or changes jobs.	Generally no, but an employer may allow balances to be spent down at termination or at retirement.	Yes. Employees may take funds with them when they leave or change jobs.
INTEREST ACCRUAL	No. Interest is not accrued.	There is no requirement that interest accrues, but employers have discretion to credit interest to the HRA account.	Yes. Interest accrues tax-free. May invest in mutual funds, CDs and interest bearing savings accounts, but not in life insurance contracts.

**For additional information,  
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