

## Comparison of Consumer Directed Health Care Plans: HSA, HRA, FSA

	<b>Health Savings Account (HAS)</b>	<b>Health Reimbursement Account (HRA)</b>	<b>Flexible Spending Account (FSA)</b>
<b>ESTABLISHMENT OF ACCOUNT</b>	<ul style="list-style-type: none"> <li>• Eligible Individual</li> <li>• Employer</li> <li>• Integrate With Employer-Sponsored Cafeteria Plan</li> </ul>	Employer-Sponsored Benefit Program	Employer-Sponsored Benefit Program Via Cafeteria Plan
<b>ACCOUNT TYPE</b>	Trust Or Custodial Account	<ul style="list-style-type: none"> <li>• General Assets Of Employer</li> <li>• Trust</li> </ul>	<ul style="list-style-type: none"> <li>• General Assets Of Employer</li> <li>• Trust</li> </ul>
<b>CONTROL AND OWNERSHIP OF ACCOUNT</b>	Employee	Employer	Employer
<b>ACCOUNT PORTABILITY</b>	Yes	No	No
<b>HIGH DEDUCTIBLE HEALTH PLAN (HDHP) REQUIRED</b>	Yes	No	No
<b>ELIGIBILITY</b>	<ul style="list-style-type: none"> <li>• Eligible Employee Covered By HDHP</li> </ul>	<ul style="list-style-type: none"> <li>• Employee Who Meets Employer's Eligibility Criteria</li> </ul>	<ul style="list-style-type: none"> <li>• Employee Who Meets Employer's Eligibility Criteria</li> </ul>
<b>FUNDING</b>	<ul style="list-style-type: none"> <li>• Individual</li> <li>• Employee Salary Reduction</li> <li>• Employer</li> <li>• Third Party</li> </ul>	<ul style="list-style-type: none"> <li>• Employer</li> </ul>	<ul style="list-style-type: none"> <li>• Employee Salary Reduction</li> <li>• Employer</li> </ul>
<b>MINIMUM DEDUCTIBLE</b>	<b>Individual</b> —\$1,100* <b>Family</b> —\$2,200*	N/A	N/A
<b>CONTRIBUTION LIMITS</b>	<b>Individual</b> —\$2,850* <b>Family</b> —\$5,650*	No Statutory Required Limit	\$5,000 on dependent care (not medical) expenses
<b>ANNUAL OUT-OF-POCKET LIMITS</b>	<b>Individual</b> —\$5,500* <b>Family</b> —\$11,000*	N/A	N/A
<b>REQUIRED PRE-FUNDING</b>	Yes	No	Yes
<b>DISBURSEMENT OF MONEY</b>	Checks, Debit Card, Withdrawal Slips	Reimburse through Employer	Checks, Debits, Withdrawal Slips
<b>QUALIFIED MEDICAL EXPENSES</b>	<ul style="list-style-type: none"> <li>• Qualified Medical Expenses As Defined In IRC §213(d), Including Over-The-Counter Drugs</li> <li>• Retiree health insurance premium other than Medicare Supplement Policies</li> <li>• COBRA Premium</li> <li>• Long Term Care (LTC) Insurance premium</li> <li>• Health insurance premium if receiving unemployment</li> </ul> <i>Not Permitted:</i> <ul style="list-style-type: none"> <li>• Any other type Of health insurance premium</li> </ul>	<ul style="list-style-type: none"> <li>• Qualified Medical Expenses As Defined In IRC §213(d), Including Over-The-Counter Drugs</li> <li>• Health insurance premium, including LTC premium</li> </ul>	<ul style="list-style-type: none"> <li>• Qualified Medical Expenses As Defined In IRC §213(d), Including Over-The-Counter Drugs</li> </ul> <i>Not Permitted:</i> <ul style="list-style-type: none"> <li>• Health insurance premium, including LTC insurance premium</li> </ul>

	<b>Health Savings Account (HSA)</b>	<b>Health Reimbursement Account (HRA)</b>	<b>Flexible Spending Account (FSA)</b>
<b>TAX TREATMENT OF CONTRIBUTIONS</b>	<ul style="list-style-type: none"> <li>• Individual's contributions to own HSA tax-deductible</li> <li>• Employee contributions to Employee's own HSA are tax-deductible</li> <li>• Employer contributions to Employee's HSA (with or without Cafeteria Plan) with salary reduction dollars:               <ul style="list-style-type: none"> <li>- Deductible by Employer</li> <li>- Excludable from Employee's Gross Income</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Only Employer contributions permitted:               <ul style="list-style-type: none"> <li>- Deductible by Employer</li> <li>- Excludable from Employee's Gross Income</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Only Employer contributions permitted:               <ul style="list-style-type: none"> <li>- Deductible by Employer</li> <li>- Excludable from Employee's Gross Income</li> </ul> </li> </ul>
<b>TAXATION OF INTEREST OR DIVIDEND ACCUMULATION</b>	Tax-Free	N/A	N/A
<b>CONSEQUENCES OF CASHING OUT ACCOUNT FOR NONQUALIFIED MEDICAL EXPENSES</b>	Distributions are taxed as income and subject to 10% Penalty Tax, except: <ul style="list-style-type: none"> <li>▪ Death</li> <li>▪ Disability</li> <li>▪ Attainment Of</li> <li>▪ Medicare Eligibility Age</li> </ul>	No cash-out option available	Some (Section 125 Rules Apply)
<b>CARRY-OVER OF FUNDS PERMITTED</b>	Yes	Yes (employer decides)	No
<b>DEATH OF ACCOUNT HOLDER</b>	Surviving spouse only (if Designated Beneficiary) entitled to use remaining account monies for Qualified Medical Expenses	Eligible dependents entitled to use remaining account monies for Qualified Medical Expenses, in accordance with the Plan Document	Eligible dependents entitled to use remaining account monies for Qualified Medical Expenses, in accordance with the Plan Document
<b>APPLICABILITY OF ERISA SUBJECT TO COBRA</b>	No <ul style="list-style-type: none"> <li>▪ No, if not employer-based</li> <li>▪ Unclear, if employer-based</li> </ul>	Yes	Yes
<b>EFFECTIVE DATE</b>	<ul style="list-style-type: none"> <li>▪ 1/1/2004</li> </ul>	6/26/2002	3/7/1989

\* Amounts listed are for 2007. Amounts are indexed annually. Plus, there is an additional catch-up provision for individuals 55 years and over, \$700 in 2006 increasing \$100 per year to \$1,000 in 2009 and thereafter.