Consumer Driven Health Plan: HRA vs HSA

Breaking down of the alphabet soup of these healthcare spending accounts

NEVADA PUBLIC EMPLOYEES' BENEFITS PROGRAM

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HRA/HSA Overview

As a state employee if you opted for the Consumer Driven Health Plan (PPO), PEBP's high deductible plan, you are eligible to receive a Health Reimbursement Arrangement (HRA), or a Health Savings Account (HSA). The IRS sets the guidelines for eligibility and the funds in these accounts can be used to pay for many qualifying out-of-pocket medical expenses as outlined in the IRS's Publication 502.

Common Eligible Expenses

Note– this is not an all-inclusive list of eligible expenses.

Premiums

- Medical plans
- Prescriptions
- Dental
- Vision
- Medicare Part B

Most Common Expenses

- Office Visit Copays
- Physician Service Copays
- Prescription Copays
- Deductibles
- Co-Insurance
- Dental Treatments
- Eye Exams
- Eyeglasses

Other Eligible Expenses

- Artificial Limb and Teeth
- Ambulance Hire
- Chiropractor
- Contact Lenses
- Hearing Aids and Batteries
- Immunizations
- Laboratory Fees
- Medical Supplies and Equipment
- Oral Surgery
- Osteopath
- Psychiatrist
- Stop Smoking Programs
- Vaccines
- Wheelchair
- X-Rays

HRA/HSA Overview

The HRA, or health reimbursement arrangement, is 100% employer funded. The money is deposited into your account usually within the first few weeks after the beginning of the plan year on July 1st, and the amount varies from year-to-year depending on several factors. These funds role over from one plan year to the next, however, if you switch plans, retire or leave state service any money remaining in the account is reverted to the state.

HRA/HSA Overview

If you qualify for an HSA, a health savings account, the funds are employer funded in the same way that the HRA is funded, however, employees can make additional contributions using pre-tax dollars through payroll deduction to their account. Employees can contribute up to a certain amount annually set by the IRS. If you're 55 or older at the end of the year you can put in an extra $1,000 in "catch up" contributions. Any funds that both you and your employer contribute over the life of the account are yours to keep after switching plans, retirement or leaving state service.

<u>HSA Eligibility</u>

You are eligible to establish and contribute to an HSA on a pre-tax basis if you meet the following criteria:

1. You are an <u>active</u> employee covered under the Consumer Driven Health Plan (PPO), PEBP's high deductible plan.
2. You have no other health coverage including Medicare, TRICARE, Tribal, HMO, COBRA, etc., unless the coverage is also an IRS qualified high deductible health plan.
3. You or your spouse cannot be enrolled in a Medical Flexible Spending Account, unless that FSA is a limited purpose FSA, or be enrolled in an HRA.
4. You can't be claimed as a dependent on someone else's tax return (excluding joint returns).

Health Savings Account

*Terminating coverage includes leaving the CDHP (by declining coverage or switching plans) or by leaving state service

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Health Reimbursement Arrangement

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