



P.O. Box 43653, Louisville, KY 40253-0653
(502)244-1161 * FAX (502)244-1162
www.bmsllc.net

<i>Criteria</i>	<i>Health Savings Accounts (HSAs)</i>	<i>Health Reimbursement Arrangements (HRAs)</i>	<i>Health Flexible Spending Accounts (FSAs)</i>
Eligible Participants	Individuals and families covered by a qualified high-deductible health insurance plan. (Including owners of S-Corps or LLCs)	An employee whose employer offers an HRA. (Excluding owners of S-Corps or LLCs.)	An employee whose employer offers an HRA. (Excluding owners of S-Corps or LLCs.)
Plan Documents Required	Not at this time.	Yes	Yes
Health Plan Requirements	Yes. Qualified high-deductible insurance plan with a minimum of a \$1,050 annual deductible for an individual and \$2,100 for families (2006.) Maximum out-of-pocket limits, including the deductible are \$5,250 for an individual and \$10,500 for a family (2006.) The HDHP may provide first-dollar coverage for preventative care.	No. HRAs are typically provided along with various high deductible health plan, but can be associated with any plan design.	No
Employer Contributions	An employer may contribute to an HSA. If made by the employer, it is not taxable to the employee. The maximum amount that can be contributed to an HSA is the HDHP Deductible amount or \$2,700 for single or \$5,540 for family (2006.) Contributions must be comparable for all employees participating in the HSA. The Employer cannot contribute the the HSA for an owner of an S-Corp or LLC.	Only an employer may contribute to an HRA.	An employer may contribute to an FSA. There are no limits to contributions for an FSA; however, employers typically set a limit.



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Employee Contributions	An employee can make contributions to an HSA (they can also pre-tax them through a Section 125 Plan.) The maximum amount that can be contributed to an HSA is the HDHP Deductible amount or \$2,700 for single or \$5,540 for family (2006.) Also, individuals age 55 and older can make additional "catch-up" contributions.	No	Yes.
Distribution	Distribution is tax-free if used for qualified medical expenses. Expenses must be incurred on or after HSA was established. Employee is responsible for using account for qualified expenses. Use of the account for non-qualified expenses are subject to tax and penalties.	No	Yes.
Claims Substantiation	Yes, upon audit.	100% substantiation required (EOB, receipts, etc.)	100% substantiation required (EOB, receipts, etc.)
Expenses eligible for Reimbursement	All Section 213(d) expenses not covered by any other plan (plus insurance premiums for COBRA, Medicare, and Qualified Long Term Care Insurance.	All Section 213(d) expenses not covered by any other plan (including some individual health insurance premiums.	All Section 213(d) expenses not covered by any other plan (but NO insurance premiums.)



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Employee Tax Savings	Contributions are tax-free.	Claim reimbursements are tax-free.	Contributions are tax-free.
Employer Tax Savings	Business expense-plus FICA matching savings on employee contributions.	Business expense deduction for payments.	Business expense-plus FICA matching savings on employee contributions.
Account Pre-Funded By Employer	No. Monthly contributions are made.	Yes, but determined by Employer.	Yes
Rollover of Unused Dollars	Yes	Yes, but determined by Employer.	No. 2 1/2 month grace period is available if Employer elects. This allows participants another 75 days after the end of the Plan Year to incur expenses to deplete their previous Plan Year Balance.
Portability	Yes, funded individual account. Employee retains access to unused account balance even upon termination.	No. There is no individual HRA account for transferring balances. COBRA eligible.	None. Must be incurred during the Plan Year, or period of employment. COBRA eligible.
Funding/Banking Requirements	Third Party Trustee.	Employer funded through general assets. Contributions typically managed by TPA or Employer.	Typically employee funded through payroll deductions (can include employer contributions.) Contributions typically managed by TPA.
Non-Discrimination Testing	Required for employer contributions.	Required	Required
BMS LLC Administration	Yes - contact us for a proposal!	Yes - contact us for a proposal!	Yes - contact us for a proposal!