

Comparison of consumer-driven health plans

FEATURE	HEALTH REIMBURSEMENT ACCOUNT (HRA)	HEALTH SAVINGS ACCOUNT (HSA)	FLEXIBLE SPENDING ACCOUNT (FSA)
Overview	An employer-funded account that provides reimbursement for qualified health care expenses, typically combined with a high-deductible health plan. Employer may elect to include some or all expenses allowed by section 213(d) of the Internal Revenue Code.	A tax-free, individually owned savings account used to pay for qualified medical expenses of the account holder and qualified dependents in the current year or in future years. Includes all medical expenses allowed by section 213(d) of the Internal Revenue Code.	A pretax employee- or employer-funded account that can be set up to reimburse employees for qualified medical expenses as allowed by section 213(d) of the Internal Revenue Code.
Who is eligible?	An employee whose employer offers an HRA.	An employee who is covered only by a qualified high-deductible health plan (HDHP), not covered by any other health coverage, not enrolled in Medicare and not claimed as a dependent under someone's tax return.	An employee whose employer offers an FSA.
Who may contribute to the account?	Solely the employer.	The employee, employer or both. In addition, a third party can contribute on behalf of the employee.	The employee, employer, or both. Usually funded by employees who choose to set aside a certain amount of their pay in an FSA.
What are the limits on contributions?	No federal income tax law limits. Employers typically set limits, usually equal to or less than the amount of the deductible of employee's health plan.	The Internal Revenue Service sets the annual maximum contribution. Visit Cigna.com for maximum contributions for the current year. The IRS will continue to set the limits for future years.	Effective 1/1/2013, limited to a maximum of \$2,500 per year.
What is the tax treatment of contributions?	Employer contributions are generally excluded from employee's gross income. However, an arrangement that distributes the unused HRA amount at termination either as a death benefit or as a severance payment will not qualify as an HRA. Employers receive expense deductions for payments.	Employee contributions are tax deductible. Employer contributions are excluded from gross income and not subject to employment taxes (e.g., FICA).*	Employees pay no federal, Social Security or state taxes on FSA contributions. Employers pay no FICA tax, federal or state unemployment taxes on FSA contributions.
Can funds be carried over from one year to the next?	Yes, unused amounts can carry into the next year, subject to any limits set by the employer.	Yes, HSA funds may be carried over indefinitely during a participant's lifetime.	Unused FSA balances are forfeited at the end of the year. Employers have the option of extending the claim period for reimbursement by 2½ months.
Are accounts portable?	Yes, but only at the discretion of the employer. COBRA regulations also apply.	Yes, employees may take funds with them when they leave or change jobs.	No, unused FSA balances are forfeited if the employee leaves or changes jobs. COBRA regulations also apply.

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Does interest accrue on funds deposited in the account?	No, interest is not accrued.	Yes, interest and investment income accrue tax-free.*	No, interest is not accrued.
Which expenses are eligible?	Eligible expenses may include those allowed by section 213(d) of the Internal Revenue Code. The employer may define a subset of eligible expenses (e.g., expenses eligible under the medical plan, pharmacy expenses).	Eligible expenses include those allowed by section 213(d) of the Internal Revenue Code. Funds used for ineligible purposes are taxed as income and incur a penalty; no penalty after age 65.	Eligible expenses include those allowed by section 213(d) of the Internal Revenue Code.

CIGNA PRODUCTS	CIGNA CHOICE FUND® – HRA	CIGNA CHOICE FUND® – HSA	CIGNA FLEXIBLE SPENDING ACCOUNTS (FSA)
Medical product	Can be packaged with a PPO, EPO, Open Access Plus/In-network or Indemnity product.	Can be packaged with a PPO, EPO, Open Access Plus/In-network or Indemnity product.	Can be packaged with any medical plan or purchased on its own.
Investment options	No.	Yes.	No.
Cigna Choice Fund Healthy Future Account®	Available at the option of the employer.	Not available.	Not applicable.
Incentives	Available at the option of the employer.	Available at the option of the employer.	Not applicable.
Cigna Health Advisor®	Basic program included; buy-up options available.	Basic program included; buy-up options available.	Available separately.
Preventive health care	Covered at 100% .	Covered at 100%.	Eligible expenses include those allowed by section 213(d) of the Internal Revenue Code.
Preventive pharmacy care	Employer option to offer a richer benefit for preventive drugs (waive plan deductible, waive copay or coinsurance).	Employer option to offer a richer benefit for preventive drugs (waive plan deductible, waive copay or coinsurance).	Eligible expenses include those allowed by section 213(d) of the Internal Revenue Code.
myCigna.com	Included.	Included.	Included.
myCignaPlans.com	Available.	Available.	Available if HRA or HSA is offered.
Communications toolkit	Available online through CignaAccess.com.	Available online through CignaAccess.com.	Not applicable.



* HSA contributions and earnings are not subject to federal taxes and not subject to state taxes in most states. A few states do not allow pretax treatment of contributions or earnings. We have identified the following states as having these tax considerations: Alabama, California, New Hampshire and New Jersey.

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