

Options for
Tax Free Health Benefits

	MRP	HRA	HSA	Employer Purchased Group Health Insurance
	Medical Reimbursement Policy	Health Reimbursement Arrangement ¹	Health Savings Account	
Source of Funds	Salary Reduction	Employer	Salary Reduction or Employer	Employer
Contribution Limits	\$3,050	\$11,800 for Family OR \$5,850 for employee only - No limit if only one F/T ² employee (stand-alone HRA)	\$7,750 for Family OR \$3,850 for employee only (Extra \$1,000 if employee/spouse over 55)	No Limit
Administrator	Employer (or TPA ³)	Employer (or TPA ³)	Qualified Provider (Usually a Bank)	Insurance Provider
Pros	<ul style="list-style-type: none"> •Not Taxable •Each Employee Can Set Aside a Different Amount •Up to \$610 Can be Carried Forward 	<ul style="list-style-type: none"> •Not Taxable •Can pay Insurance Premiums •Can be Carried Forward (But reimbursement cannot exceed annual maximum) 	<ul style="list-style-type: none"> •Not Taxable if Paid Directly by Employer •Funds Available Until Used Even if Change in Employment 	<ul style="list-style-type: none"> •Not Taxable •Benefits Are Determined by The Employer
Cons	<ul style="list-style-type: none"> •Cannot pay for Insurance Premiums •Cannot pay for Christian Share Ministry 	<ul style="list-style-type: none"> •Each F/T² Employee Must Have the Same Amount •Cannot pay for Christian Share Ministry 	<ul style="list-style-type: none"> •Must have a Qualifying High-deductible Plan⁴ •Administrator Will Have Fees 	This Option Can be Too Expensive for Most Small Employers
Reporting Requirements	W-2 Block 12 Code "DD"	W-2 Block 12 Code "FF" (Or Code "DD" if a stand-alone HRA)	W-2 Block 12 Code "W"	W-2 Block 12 Code "DD"

¹QSEHRA - Qualified Small Employer Health Reimbursement Arrangement Note: Employers with only one F/T² Employee have a Stand-Alone HRA not a QSEHRA. For 2020 : The new ICHRA and EBHRA are complex and your organization would need a third party administrator to write your policies.

²Full-Time: Working 30 or more hours per week

³Third Party Administrator - An outside source hired to write and/or administor your plan.

⁴A high-deductible health plan would be a plan with an annual deductible of at least \$1,500 for 2023 for individual coverage, but not more than \$7,500. For family coverage a high deductible health plan would be a plan with an annual deductible of at least \$3,000 for 2023 and not more than \$15,000.