

Options for  
**Tax Free Health Benefits**

	MRP	HRA	HSA	Employer Purchased Group Health Insurance
	Medical Reimbursement Policy	Heath Reimbursement Arrangement <sup>1</sup>	Health Savings Account	
Source of Funds	Salary Reduction	Employer	Salary Reduction or Employer	Employer
Contribution Limits	\$3,400	\$13,100 for Family OR \$6,450 for Employee Only - No Limit if Only One F/T <sup>2</sup> Employee (Stand-Alone HRA)	\$8,750 for Family OR \$4,400 for Employee Only (Extra \$1,000 if employee/spouse over 55)	No Limit
Administrator	Employer (or TPA <sup>3</sup> )	Employer (or TPA <sup>3</sup> )	Qualified Provider (Usually a Bank)	Insurance Provider
Pros	<ul style="list-style-type: none"> <li>•Not Taxable</li> <li>•Each Employee Can Set Aside a Different Amount</li> <li>•Up to \$680 Can be Carried Forward</li> </ul>	<ul style="list-style-type: none"> <li>•Not Taxable</li> <li>•Can pay Insurance Premiums</li> <li>•Can be Carried Forward (But reimbursement cannot exceed annual maximum)</li> </ul>	<ul style="list-style-type: none"> <li>•Not Taxable if Paid Directly by Employer</li> <li>•Funds Available Until Used Even if Change in Employment</li> </ul>	<ul style="list-style-type: none"> <li>•Not Taxable</li> <li>•Benefits Are Determined by The Employer</li> </ul>
Cons	<ul style="list-style-type: none"> <li>•Cannot Pay for Insurance Premiums</li> <li>•Cannot Pay for Christian Share Ministry</li> </ul>	<ul style="list-style-type: none"> <li>•Each F/T<sup>2</sup> Employee Must Have the Same Amount</li> <li>•Cannot Pay for Christian Share Ministry</li> </ul>	<ul style="list-style-type: none"> <li>•Must have a Qualifying High-deductible Plan<sup>4</sup></li> <li>•Administrator Will Have Fees</li> </ul>	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"

<sup>1</sup>QSEHRA - Qualified Small Employer Health Reimbursement Arrangement Note: Employers with only one F/T<sup>2</sup> Employee have a Stand-Alone HRA not a QSEHRA. As of 2020 : The new ICHRA and EBHRA are complex and your organization would need a third party administrator to write your policies.

<sup>2</sup>Full-Time: Working 30 or more hours per week

<sup>3</sup>Third Party Administrator - An outside source hired to write and/or administer your plan.

<sup>4</sup>A high-deductible health plan would be a plan with an annual deductible of at least \$1,700 for 2026 for individual coverage, but not more than \$8,500. For family coverage a high deductible health plan would be a plan with an annual deductible of at least \$3,400 for 2026 and not more than \$17,000.