CITY OF SPARKS · 2027 OPEN ENROLLMENT

FSA, HRA and HSA Guide

Three kinds of accounts can help pay for health care costs. Read how each one works, then compare them side by side.

How each account works

FSA

Flexible Spending Account

EMPLOYEE-PAID, PRE-TAX

A Flexible Spending Account is an employee-paid special pre-tax account used to pay for qualified out-of-pocket health care (FSA-H) or dependent care expenses (FSA-D). Money is deducted directly from your paycheck before taxes are taken out, which lowers your overall taxable income.

Funds are front loaded onto a benefit credit card at the start of the calendar year and deducted from paychecks throughout the year. Funds not used by the end of the calendar year are forfeited. Funds not used by the employee's date of separation from the City are forfeited.

Grace period. Employees have until March 15th of the following year to file a claim and apply it to the previous year's allocation of funds.

Runout period. The runout period for claims incurred prior to December 31st is 90 days for current employees. For employees who separate, the runout period is 60 days from the date of separation.

HRA

Health Reimbursement Arrangement

FUNDED BY THE CITY, TAX-FREE

A Health Reimbursement Arrangement is a tax-free, employer-funded benefit plan used to pay for employee medical expenses. This benefit is only applicable with the PPO 400 plan.

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Grace period. Employees have until March 15th of the following year to file a claim and apply it to the previous year's allocation of funds.

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HSA

Health Savings Account

CITY AND EMPLOYEE, TAX-ADVANTAGED

A Health Savings Account is a personal, tax-advantaged savings account used to pay for qualified medical expenses. Funds may only be contributed to an HSA when enrolled in the high deductible health plan (HDHP 2600). In addition to the employer contributed funds, the employee can contribute additional pre-tax funds into the HSA up to the combined maximum amount.

Funds are added to the HSA each pay period. Funds not used by the end of the year remain in the account. The account remains the property of the employee when they separate from the City and may be used for future expenses within IRS requirements. The employee can control how the funds are invested.

Compare the accounts

2027 plan year	FSA-H Flexible Spending Account for Health	FSA-D Flexible Spending Account for Dependent Care	HRA Health Reimbursement Arrangement	HSA Health Savings Account
WHO CONTRIBUTES				
Employer contributions	✕ No	✕ No	✓ Yes	✓ Yes
Optional employee contributions	✓ Yes	✓ Yes	✕ No	✓ Yes
WHICH MEDICAL PLAN IS ELIGIBLE				
Current PPO 200 plan CURRENT	✓ Yes	✓ Yes	✕ No	✕ No
PPO 400 plan	✓ Yes	✓ Yes	✓ Yes	✕ No
HDHP 2600 plan	✕ No	✓ Yes	✕ No	✓ Yes
RULES FOR THE FUNDS				
Must use funds by December 31 each year?	✓ Yes	✓ Yes	✓ Yes	✕ No
Funds roll over year to year?	✕ No (see grace period on previous page)	✕ No (see grace period on previous page)	✕ No (see grace period on previous page)	✓ Yes
How are funds loaded?	**Front loaded** January 1st	**Loaded per pay period** 26 pay periods	**Front loaded** January 1st	**Loaded per pay period** 26 pay periods
2027 maximum contribution	$3,500*	$7,500 Single or married filing jointly. Married filing separately: $3,750 per spouse.	**None**	$4,500 individual $9,000 with spouse and/or dependents + $1,000 catch-up for age 55+ Maximum is combined employee and employer contributions.
Can the election amount change after open enrollment?	✕ No	✕ No	✕ No	✓ Yes
Are funds the employee's when they separate from the City?	✕ No Funds not available after date of separation.	✕ No Funds not available after date of separation.	✕ No Funds not available after date of separation.	✓ Yes Funds remain in an account and are the property of the employee to use within federal use requirements.

* This is an estimate. The IRS has not released the 2027 numbers.

Questions about your 2027 elections? Contact Human Resources.