

Our Enduring Duty to America's Service Members and Their Families

HEALTH CARE FLEXIBLE SPENDING ACCOUNTS

SEPT. 13, 2024

INITIATIVE: This initiative announces the Defense Department's intent to offer service members the ability to contribute annually up to \$3,200 in pretax earnings to pay for eligible health care expenses.

- **WHAT IS IT?** A Health Care Flexible Spending Account, or HCFSA, is an optional benefit that enables service members to use pretax earnings to pay for eligible health care expenses. Each service member can contribute between \$100 to \$3,200 per year to their account. Households where both earners are eligible for an HCFSA through their employer can maintain two separate accounts and contribute between \$200 to \$6,400 total per year. Service members must use and claim the funds in their account by the end of the plan year, Dec. 31, and may carry over up to \$640 of unused funds to the next year if they reenroll.
- **WHAT DOES IT DO?** HCFsAs can save service members and military families money by allowing service members to pay for individual or family health costs with tax-free dollars.
- **WHAT HEALTH CARE COSTS COULD THE HCFSA BE USED FOR?** Some eligible expenses include co-payments and cost shares, deductibles, dental (braces and orthodontia), vision (glasses and contact lenses), prescription drugs and wellness treatments (acupuncture, massage and chiropractic care). Some eligible products also include bandages and over-the-counter medicine. HCFSA can be used for over 300 IRS-approved health expenses.
- **WHO IS ELIGIBLE?** Service members in the active component and certain reserve component members performing active Guard and reserve duty are eligible. HCFsAs are already available to DOD civilian employees.
- **HOW DO I GET IT?** Health Care Flexible Spending Accounts will be available to service members for the first time through a special enrollment period in March 2025. Service members can enroll online at fsafeds.gov. The department will conduct a robust benefit campaign to ensure service members understand the benefit and enrollment process.
- **ARE THERE ANY FEES?** There are no enrollment fees for service members. The military departments pay all enrollment fees on behalf of the member, by law.
- **SHOULD I ENROLL?** Service members should make informed decisions, based on their individual and family needs, concerning whether and how to take advantage of this benefit. Service members can schedule an appointment with a personal finance manager or counselor, or tax counselors through the Office of Financial Readiness and Military OneSource to help decide. Visit finred.usalearning.gov/FSA to learn more about the benefit as well as the financial and tax impacts of participation.



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- > **HOW ARE HCFAS DIFFERENT FROM DEPENDENT CARE FLEXIBLE SPENDING ACCOUNTS?** DCFSAs help pay for dependent care expenses such as preschool, day care and adult care. Service members can contribute up to \$5,000 per household (\$2,500 if married filing separate tax returns). DCFSAs are already available to eligible service members. For more information on DCFSA, visit finred.usalearning.gov/Benefits/DCFSA.
- > **CAN A SERVICE MEMBER HAVE AN HCFSA AND A DCFSA?** Service members can enroll in both HCFSA and DCFSA if they meet the eligibility requirements for both benefits. Talk to a personal financial manager or counselor to help build your spending plan. Visit finred.usalearning.gov/FSA to learn more about the benefit as well as the financial and tax impacts of participation.