



Mineral



Question of the Week

December 4, 2024

Question

What is a health flexible spending account?

ANSWER

A health flexible spending account (HFSA) lets employees set aside pre-tax money from their paycheck during the year, and they can use this money to pay for eligible healthcare expenses for themselves, their spouse, or their dependents. The funds in these accounts are typically “use it or lose it,” with some exceptions for carryover or grace period options, based on the employer’s plan design.

Employees can use their HFSA funds for many healthcare-related costs allowed by the IRS, such as insurance plan deductibles and copays, prescriptions and over-the-counter drugs and medications, dental and vision care, and chiropractic services. Payments for these services can be made directly to the healthcare provider or retailer using a debit card linked to the account or by filing for reimbursement with the HFSA provider.

Employees like having HFSAs as these accounts allow them to set aside pre-tax money for some of those regular costs, such as new glasses, or for a planned medical procedure, while also providing upfront access to funds to help them manage unexpected medical expenses more effectively.

You can learn more about HFSAs on the [platform](#).

This Q&A does not constitute legal advice and does not address state or local law.