



Health Care Flexible Spending Accounts (HCFSA) Fact Sheet

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BLUF

NAVADMIN 031/25 announces that eligible Active Component (AC) and Training and Administration of the Reserves (TAR) Sailors may enroll in a Health Care Flexible Spending Account (HCFSA) during a special enrollment period, from 3 March to 31 March 2025. An account allows Sailors to set aside pre-tax pay earnings for eligible health care expenses, such as 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). Contributions are directly deposited from pay into the HCFSA before taxes are deducted, reducing a service member's taxable income. Sailors must re-enroll each year to continue using their HCFSA.

Who needs to know?

- AC and TAR Sailors with eligible dependent(s)
- Chiefs' Mess
- Command Triads

What you need to know – key points

- A HCFSA reduces a Sailor's taxable income because contributions are deposited before taxes are deducted.
- Sailors and their families sometimes must pay out-of-pocket for certain health care expenses, supplementing the comprehensive coverage offered through TRICARE. HCFSA's allow Sailors to save while paying for those costs. Contributions should be carefully planned based on expected out-of-pocket medical, dental, and vision expenses anticipated to be incurred during the year. The government does not match contributions.
- To be eligible for enrollment in a HCFSA, Sailors must be Active Component (AC) or Training and Administration of the Reserve (TAR) Sailors. Sailors in the Reserve Component, except for TAR Sailors, are not eligible. For complete information on eligibility, see <https://finred.usalearning.gov/benefits/HCFSA>.
- Sailors may contribute a minimum of \$100 and a maximum of \$3,300 per calendar year, and must direct deposit funds from their pay into their HCFSA. Households where both earners are eligible for a HCFSA through their employer may maintain two separate accounts and contribute a combined \$200-\$6,600 per year.
- Eligible Sailors can enroll in a HCFSA for the 2025 plan year during a special enrollment period from 3 March to 31 March 2025. Enrollment will be processed by the Federal Flexible Spending Account Program at <https://www.fsafeds.gov>. Sailors who enroll have from the day after they enroll through 31 December of the same year to use the funds contributed to their account.
- After plan year 2025, Sailors will re-enroll during Federal Benefits Open Season (mid-November to mid-December) and will have use of their account from 1 January through 31 December.
- Sailors can also enroll in a HCFSA at any time if they have a qualifying life event, such as the birth or adoption of a child, a divorce, or a permanent change of station.

Sample POD/POW Notes

ATTENTION: Do you currently pay out-of-pocket for certain health care expenses to supplement TRICARE coverage? Active Component (AC) and Training and Administration of the Reserves (TAR) Sailors are now eligible to enroll in a Health Care Flexible Spending Account (HCFSA). A special enrollment period runs from 3 March to 31 March 2025. HCFSA is an optional benefit that enables Sailors to use pre-tax earnings to pay for eligible health care expenses. Have questions about your eligibility? Visit <https://finred.usalearning.gov/benefits/HCFSA>.



FAQ

Q. Who is eligible for this program?

A. AC and TAR Sailors.

Q. What is the benefit of joining this program?

A. The HCFSA is an optional benefit that enables Sailors to use pre-tax earnings to pay for eligible health care expenses, such as 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).

Q. When can I join?

A. The special enrollment period runs from 3 March to 31 March 2025 for the 2025 plan year, which ends on 31 December 2025.

Q. Does my enrollment carry over from year to year?

A. No, your enrollment is not automatic every year. You must re-enroll each year during the federal open season (e.g., from mid-November through mid-December 2025 for the 2026 plan year) to continue participation.

Q. Where does this money come from?

A. Money from your paycheck is placed into the HCFSA tax-free. You can expect your paycheck to appear smaller as the earnings you allocate to your HCFSA are deposited in that account.

Q. Who should I talk with about this decision if I have questions?

A. You can speak with a financial planning professional at your local Fleet and Family Support Center. This professional can assist you with budget and cash flow planning, which can help you understand and take advantage of the HCFSA benefit. You might also choose to reach out to a tax consultant who can help you examine your family's tax situation. You and your family can receive free tax consultations from MilTax via Military OneSource.

Q. Can funds be carried over from year to year?

A. Yes, you can carry over up to \$660 of unused HCFSA funds to the next plan year **IF** you re-enroll. Sailors have until 30 April to submit prior-year claims (e.g., 30 April 2026 for those enrolled in the 2025 plan year). Any carry-over funds in excess of \$660 will be forfeited. **If don't re-enroll, you must use and claim the funds in your HCFSA account by the end of the plan year (e.g., 31 December 2025 for the 2025 plan year).** Unclaimed funds will be forfeited at the end of the plan year (e.g., 1 January 2026 for the 2025 plan year).

Q. Can I have an HCFSA and a Dependent Care Flexible Spending Account (DCFSA)?

A. Yes, you can enroll in both the HCFSA and DCFSA if you meet the eligibility requirements for both benefits. Helpful links:

<https://www.fsafeds.gov/explore/hcfsa>

<https://finred.usalearning.gov/benefits/HCFSA>

<https://www.militaryonesource.mil/benefits/health-care-flexible-spending-account/>

<https://www.fsafeds.gov/file>

<https://www.militaryonesource.mil/financial-legal/taxes/miltax-military-tax-services/>