



- [Cars](#)
- [Appliances](#)
- [Electronics](#)
- [Home & Garden](#)
- [Babies & Kids](#)
- [Money](#)
- [Shopping](#)
- [Health](#)

Home > [Blogs](#) > [Money & Shopping Blog](#)

Top Product Ratings: [TVs](#) | [Digital Cameras](#) | [Washing Machines](#) | [Vacuum Cleaners](#) | [GPS](#) | [SUVs](#) | [Car Seats](#) | [Strollers](#)

SUBSCRIBER CONTENT

Money Blog [Subscribe to Money Blog](#)

| [More](#)

December 10, 2009

Healthcare flexible spending accounts face the scalpel

If you use a tax-free flexible spending account at work to offset deductibles and other unreimbursed healthcare costs, you should be aware of actions in Congress to significantly trim that employee benefit. The [Patient Protection and Affordable Care Act, H.R. 3590](#), includes a provision that would cap pre-tax contributions to healthcare "flex" plans to \$2,500 a year and eliminate the option to use those funds for over-the-counter medications and other everyday health-maintenance products. Currently employers can set their own cap.

A worker in the 25-percent tax bracket who now sets aside \$3,000, for instance, would lose a tax benefit worth \$250. A worker setting aside \$5,000—a ceiling imposed by many large companies and the federal government—would lose \$625. Put another way, that worker would pay another \$625 in federal tax.

Supporters of the change note that it would result in added tax revenue of \$5.4 billion, which would help offset the massive estimated cost of healthcare reform. Further, they assert, healthcare flex plans primarily benefit high-income workers, who gain a bigger tax break because they're at a higher tax bracket. The average amount contributed by workers who use these plans is about \$1,400, according to the Employee Benefits Research Institute, so the change to a \$2,500 may be invisible to most.

But folks who use that benefit to the maximum stand to lose quite a bit. That includes patients with chronic conditions who need the funds to cover high deductibles, extensive co-pays, and costly equipment under-reimbursed by health insurance. For example, [many insurance plans don't cover—or minimally cover—hearing aids](#); flex funds can help pay for them.

Sen. Chuck Schumer (D-NY) this week added an amendment to H.R. 3590 to at least index that \$2,500 to inflation. The Senate version of the bill also allows for purchase of over-the-counter meds. The catch is that you can only use the OTC meds if you get a doctor's note, according to [Save Flexible Spending Plans](#), an offshoot of the Employers Council on Flexible Compensation, an organization representing companies that administer flex plans.

Do you use a healthcare flex plan? Do you oppose this change? Or do you think this is a benefit we can stand to lose in order to save money on healthcare reform?—*Tobie Stanger*

TAGS: [Families and money](#) | [health reform](#) | [News](#) | [All Money & Shopping Blog Categories](#)

Comments

Verify your Comment

Previewing your Comment

Posted by: |

This is only a preview. Your comment has not yet been posted.

Post Edit

Your comment could not be posted. Error type: Your comment has been saved. Comments are moderated and will not appear until approved by the author. [Post another comment](#)

The Expert Ratings did not match the image. Please try again.

As a step before posting your comment, please enter the letters and numbers you see in the image below. This prevents automated programs from posting comments.



Continue Nobody Tests Like We Do



not appear on this blog unless they have been approved. contents, are commercial in nature, contain objectionable or [reement](#) or [Privacy Policy](#), will not be approved. Approved general inquiries not related to this blog, please contact

Sign In

Our testers put 100s of products through their paces at our National Testing and Research Center. Learn more about how we test for:

Name Performance Safety Reliability

Watch video Email Address: (Not displayed with comment.)

Email Address

Recent Posts Remember personal info? Money | All

- 401(k) matches making a welcome comeback
- CR Index: Outlook for planned purchases up 36 percent
- House financial reform bill would be good for consumers
- How do you handle annoying salespeople?

Post Preview

More Money Posts

TESTLABS How We Test Our History Lab Tour

ConsumerReports.org: A-Z Index | Site Map | Overview | Your Privacy Rights | User Agreement Canada Extra | en Español | Subscribe

Who We Are: About Us | Our Mission | No Commercial Use | Report a Safety Problem | Career Opportunities Bookstore | E-mail Newsletters | RSS | Press Room | Donate

Consumer Reports Network: ConsumerReports.org | ConsumerReportsHealth.org | The Consumerist | Car Pricing Service | ConsumersUnion.org

FREE Newsletter Sign up for our FREE updates delivered by email. Sign up now