

A GUIDE TO FLEXIBLE SPENDING ACCOUNTS



For Families Enrolled in the DoD Exceptional Family Member Program and USCG Special Needs Program

To maximize the affordability of your family's care, the Department of Defense (DoD) established Flexible Spending Accounts (FSAs). FSAs are new, optional benefits that can help you and your family save money on health and dependent care costs. **There are two types of FSAs: Health Care FSAs and Dependent Care FSAs.**

What is a Health Care Flexible Spending Account (HCFSA)?

An HCFSA is a convenient and cost-effective way to help pay for out-of-pocket health care costs such as co-pays, cost-shares, dental expenses, vision expenses, over-the-counter items and more. Contributions go straight from your paycheck into your HCFSA before taxes are deducted, reducing the amount of your income that is subject to taxation. You can contribute up to \$3,300* in pre-tax earnings to this account.

How Can an HCFSA Help?

Members of the uniformed services enrolled in TRICARE and registered in the Extended Care Health Option (ECHO) may pay out-of-pocket for certain health care expenses. Here are some advantages to using an HCFSA:

- 1 Save while you pay for health care-related costs.** Begin by assessing whether your known costs and expenses for the year are HCFSA-eligible. For example, all monthly ECHO co-payments are eligible HCFSA expenses. Using an HCFSA to pay for these costs can lower your overall tax burden.
- 2 Enjoy greater flexibility in planning and paying for health care expenses.** The full election, or the total amount you decide to contribute for the year, will be available when your account is established. This means you can claim your entire contribution amount even if it exceeds the amount of funds deducted from your pay to date.



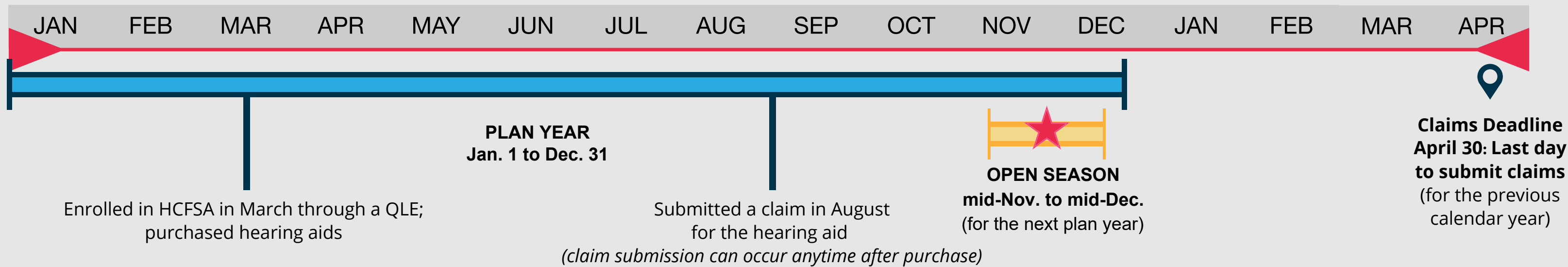
Here's an Example...

You enroll in an HCFSA through a Qualifying Life Event (QLE) in March. You plan to buy hearing aids this year for an estimated cost of \$3,000 and would like to have them as early as possible.

First, you would enroll and elect to contribute \$3,000 to your HCFSA. Once your account is established, you can purchase the hearing aids and submit your receipt for a claim of \$3,000 even if you have not made all contributions to date. Throughout the year, your pay deductions will continue at the rate that you set during enrollment.

See the timeline on the next page outlining the key dates in this scenario.

Timeline of HCFSA Enrollment, Purchase, and Claim



Note: Generally, you may only enroll in an FSA during Open Season or when experiencing a QLE. Accounts are established on Jan. 1 if you enroll during Open Season, and within a few days following enrollment if you enroll through a QLE.

3 Pay for costs that are partially covered or not covered by TRICARE and ECHO. Expenses that are not completely covered by TRICARE and ECHO may be eligible HCFSA expenses.

Below is a table with common health care expense categories for families enrolled in EFMP and the Special Needs program. You can also search whether a specific expense is eligible at [FSAFEDS.EXPLORE/HCFSAs/EXPENSES](https://www.fsaexplorer.com/HCFSAs/EXPENSES).

	GENERAL MEDICAL COSTS		SPECIALIZED SERVICES		SPECIALIZED MEDICATION		WELLNESS SERVICES	MEDICAL MONITORING DEVICES	
TRICARE	CO-PAYS	COST-SHARES	ORTHODONTICS	MOBILITY AIDS	LEARNING SUPPORT	EXTENSIVE MEDICATIONS	ACUPUNCTURE, CHIROPRACTIC CARE, MASSAGE THERAPY	BLOOD PRESSURE MONITORS	HEART MONITORS
ECHO	CO-PAYS	COST-SHARES	ORTHODONTICS	MOBILITY AIDS	LEARNING SUPPORT	EXTENSIVE MEDICATIONS	ACUPUNCTURE, CHIROPRACTIC CARE, MASSAGE THERAPY	BLOOD PRESSURE MONITORS	HEART MONITORS
HCFSAs	CO-PAYS	COST-SHARES	ORTHODONTICS	MOBILITY AIDS	LEARNING SUPPORT	EXTENSIVE MEDICATIONS	ACUPUNCTURE, CHIROPRACTIC CARE, MASSAGE THERAPY	BLOOD PRESSURE MONITORS	HEART MONITORS

LEGEND COVERED / ELIGIBLE NOT COVERED / NOT ELIGIBLE PARTIALLY COVERED

Note: View TRICARE co-pays and explanations of benefits (EOB) [here](#).

How Does an HCFSA Work With TRICARE and ECHO?

TRICARE is the first payer for medical services if no other insurance is available. ECHO supplements the TRICARE Basic Program, providing additional coverage for eligible beneficiaries. HCFSA pays for many costs not met by TRICARE and ECHO. An HCFSA is not insurance but rather a financial tool that lets you pay certain expenses with pre-tax earnings, reducing your taxable income.

If you've overestimated your yearly costs or do not use all of the funds in your HCFSA for any reason, you can carryover up to \$660* to the next plan year if you reenroll.

The Department has an eligible expenses guide comparing common HCFSA eligible expenses to TRICARE Prime and TRICARE Select coverage. This fact sheet can be found at the HCFSA home page on the [DoD Office of Financial Readiness \(FINRED\) website](#).

The screenshot shows the 'HCFSA ELIGIBLE EXPENSES GUIDE' for January 2025. It lists various categories of expenses: PREVENTATIVE/SPECIALTY CARE, VISION, DENTAL, WELLNESS, and DRUGSTORE. Each category has a list of eligible items. For example, under DENTAL, it lists orthodontics (braces), exams, cleanings, X-rays, and clear aligners. A QR code is provided for more information.

*Contributions are subject to IRS limits, which can vary by tax year. Listed numbers are current as of 2025.

Who Is FSA Eligible?

Eligible members of the uniformed services include:

- Members of the regular (active) component
- Members of the reserve component performing Active Guard Reserve (AGR) duty
- Members of the National Guard performing Active Guard Reserve (AGR) duty
- Members of the U.S. Coast Guard Reserve, including Reserve Component Managers, when performing active duty for more than 180 days

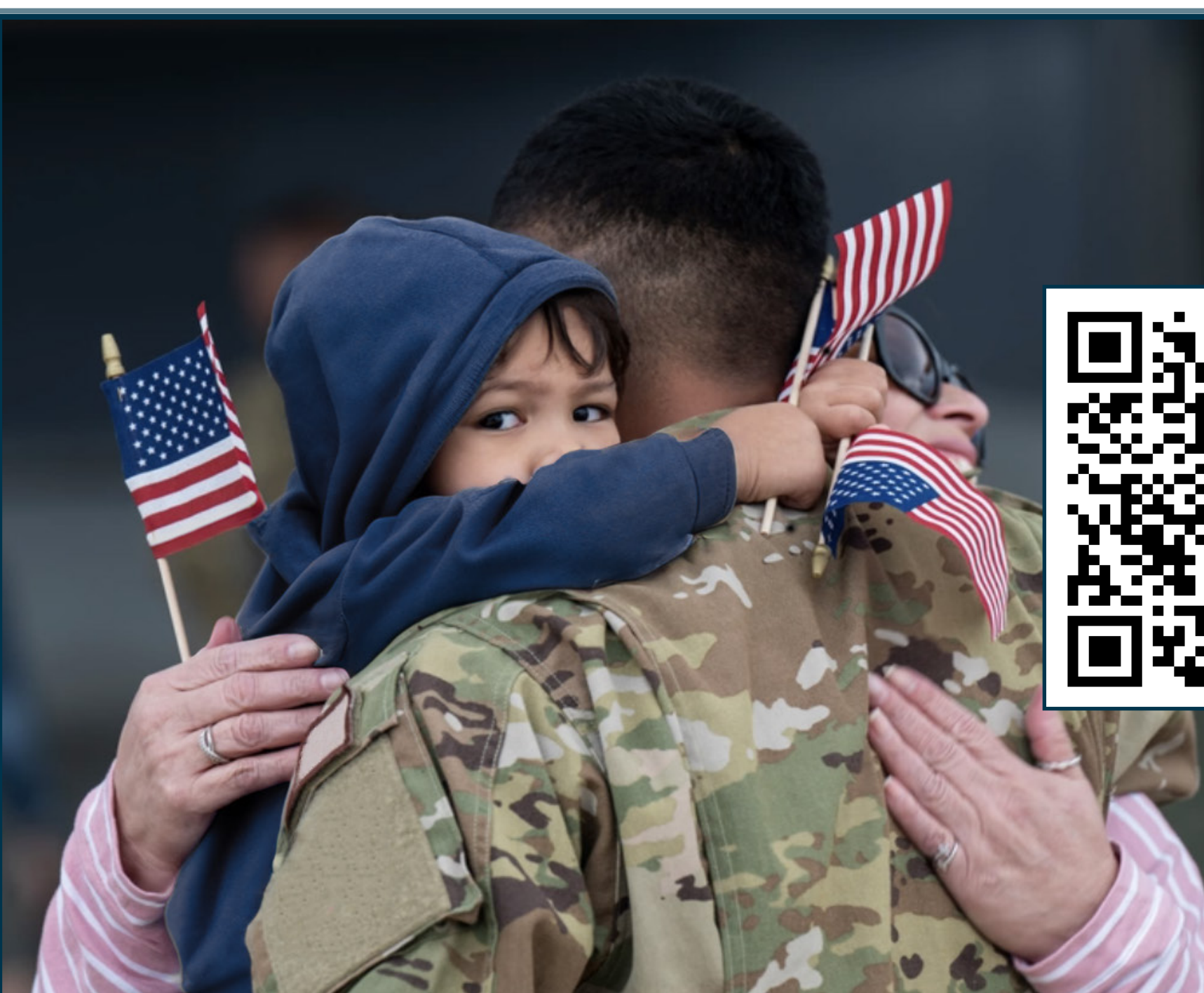
Not currently eligible: Reserve component members (except for those performing AGR duty pursuant to Title 10 or Title 32) are not eligible for FSAs.

How Do I Put This Into Action?



1. **Determine the cost of your known health expenses and plan with an EFMP Family Support provider.** [EFMP Family Support](#) helps Service members and their families identify and access programs and services.
2. **Consult a personal financial manager (PFM) or counselor (PFC), or a tax professional.**
 - a. PFMs and PFCs are available at no cost to DoD Service members and their families. You can call (800) 342-9647, request assistance through [Military OneSource](#), or visit the [DoD FINRED website](#) to find assistance at your local installation.
 - b. Tax counselors are also available free of cost to Service members through [MilTax](#).
 - c. Coast Guard members can consult free personal financial counselors and tax professionals through [CG SUPRT](#).
3. **Enroll and contribute between \$100 and \$3,300 per year, per eligible account holder, for health-related expenses.** Households where both earners are eligible for an HCFSA through their employer(s) can maintain two separate accounts and contribute between \$200 and \$6,600 total per year. Sign up occurs at [FSAFEDS.gov](#).
4. **Maintain your account.** You may only make changes to your account (e.g., increase or decrease your contribution amount) when experiencing QLEs like a change in marital status, birth of a child, permanent change of station (PCS), or deployment. Remember, you will need to spend your FSA funds by the end of the plan year (Dec. 31) or forfeit unused funds.

HCFSA's will be available to members of the uniformed services for the first time through a **Special Enrollment Period March 3-31, 2025**. For years following 2025, HCFSA's will be available during the annual Federal Benefits Open Season.



For additional helpful resources, including fact sheets, savings calculators, enrollment instructions, and more, visit [DoD FINRED](#).

More Ways to Save: Dependent Care Flexible Spending Accounts

If you have dependents, a **Dependent Care Flexible Spending Account (DCFSA)** is a separate benefit account that you can use to help pay for eligible child, adult, and elder care services. Respite care is not a DCFSA-eligible expense.

Using a DCFSA to pay for dependent care can lower your overall tax burden. Examples of DCFSA-eligible expenses include: preschool, day care, before- and after-school care, and nonmedical adult care. Participants can contribute **up to \$5,000 per household** to a DCFSA (\$2,500 if married, but filing separate tax returns).

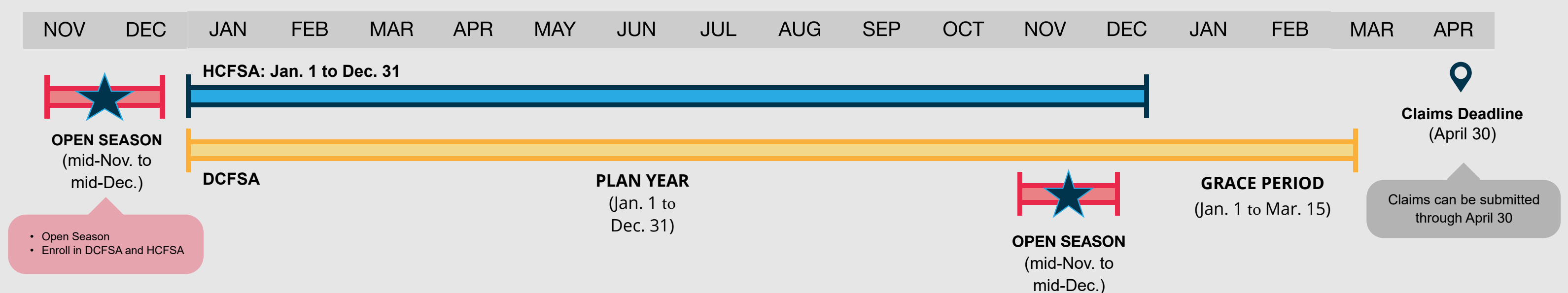
Eligibility: You must be an eligible member of the uniformed services (see page 2), and meet two additional requirements:

- You must have a dependent under the age of 13 or a dependent who is physically or mentally incapable of self-care at any age.
- If you have a spouse, your spouse also must be working, looking for work, or attending school full time.

Maximize your tax savings by using both an HCFSA for health care expenses and a DCFSA for dependent care expenses. A DoD personal financial manager or counselor can help you address your individual situation, build your spending plan, and determine if an FSA might benefit you. To learn more, visit the DoD FSA home page at finred.usalearning.gov/fsa.

Flexible Spending Accounts: Putting It All Together

Timeline of DCFSA and HCFSA Enrollment, Purchase, and Claim



Am I Eligible to Enroll in Both?

Members of the uniformed services can enroll in both an HCFSA and a DCFSA if they meet the eligibility requirements for both benefits.

Why Should I Enroll in Both?

If you are eligible for both FSAs, you can set aside pre-tax earnings in two separate accounts. This can help you lower your taxable income and can reduce your tax liability, or the amount of tax you pay. If an eligible household chooses the full election for both accounts, it could lower its taxable income by a total of \$8,300* (\$3,300 for HCFSA plus \$5,000 for DCFSA).

Note: To learn more about the differences between both Flexible Spending Accounts, visit [DoD FINRED](https://finred.usalearning.gov).

*Contributions are subject to IRS limits, which can vary by tax year. Listed numbers are current as of 2025.

How Do I Get an FSA?

Eligible members of the uniformed services can enroll online at FSAFEDS.gov during **Federal Benefits Open Season**, which typically occurs from mid-November to mid-December. You can also enroll if you have experienced a **QLE** like the birth or adoption of a child, PCS, or deployment. For a full list of QLEs, consult the [QLE Quick Reference guide](#) found at FSAFEDS.gov.

