Plan Comparison Chart

A Comparison of HSAs, HRAs, and FSAs

To help you understand the differences between HSAs, HRAs, and FSAs, take a look at the comparison chart below.

NOTE: This publication is for informational purposes only. The IRS releases limits and maximums throughout each year. Therefore, be sure to check IRS.gov for limits and maximums for the current and upcoming plan years.

	Health Savings Account (HSA)	Flexible Spending Account (FSA)	Health reimbursement arrangement (HRA)
What is it?	An HSA is a savings account that is used in combination with a high-deductible health plan (HDHP) that lets you set aside pre-tax funds. You can use your HSA funds to cover qualified medical expenses.	An FSA is an account your employer establishes that allows you to set aside pre-tax funds aside to pay for eligible medical, dental, vision or daycare expenses.	An HRA is an account funded by your employer that can be used to reimburse eligible expenses. Your employer determines which expenses are eligible.
Am I eligible?	You must be enrolled in a HDHP in order to open and contribute to an HSA. If you are covered by a non-HDHP, medical FSA, 213(d) HRA or Medicare, you are not eligible to open or contribute to an HSA.	You must be offered a group health plan by your employer, but do not need to participate in their health plan to participate in the FSA.	Your employer determines who is eligible. To receive HRA funds, you must be enrolled in your employer-sponsored group health plan unless the HRA is limited to vision or dental expenses.
Who owns the account?	Individual/employee	Employer	Employer
Who can contribute to the account?	Employee and/or employer	Employee and/or employer	Employer
Where are funds held?	Is an employee-owned account – held at a qualified financial institution.	By employer	By employer
Pre-tax payroll deductions allowed?	Yes, up to the annual IRS limit.	Yes, up to the amount you "elect" during open enrollment.	No
Post-tax contributions allowed?	Yes, up to the annual IRS contribution limit.	No	No
Annual maximums limit on contributions?	Yes	Yes	IRS does not impose HRA limits; limits are set by employer.
Entire election available for reimbursement at start of plan year?	No	Yes (except Dependent Care FSAs)	Depends on plan design

	Health Savings Account (HSA)	Flexible Spending Account (FSA)	Health reimbursement arrangement (HRA)
Can funds roll over from year to year?	Yes	Depends on plan design. If the plan includes a carryover, up to $680.00 can be rolled over into the next year.	Depends on plan design.
Can funds be invested?	Yes	No	No
What distributions are allowed?	Debit Card[1] Request for distribution or bill-pay Online/Mobile/Paper	Debit Card[1] "Claim" – Request for reimbursement or bill pay Online/Mobile/Paper	Depends on plan design. Options include: Debit Card1 "Claim" – Request for reimbursement or bill pay Online/Mobile/Paper
Documentation (substantiation) required?	Not required for payment[2]	Required for manual claims and if a debit card claim cannot be automatically approved.	Required
Tax benefit?	Contributions are tax-free, interest and investment gains are tax-free, and withdrawals are tax-free when used for qualified medical expenses.	Employer/payroll deposits and claim payments are tax-free.	Employer deposits and claim payments are tax-free.
Interest earning?	Interest can be accrued on a tax-deferred basis in qualified HSAs. And if the account balance reaches the minimum balance requirement, the funds can be invested in mutual funds, and those gains are also tax- free.	No	No
Access to funds after termination?	Since the HSA is an individually owned account, and not owned by your employer, you keep your HSA and all funds regardless of where you are employed.	You will be given a pre-determined number of days after your last day of employment to submit claims. Access to your FSA may be offered through COBRA.	Access to your HRA would be offered through COBRA.
What expenses qualify for distribution?	Medical expenses under § 213(d) of the Internal Revenue Code including over the counter drugs are eligible medical expenses. HSAs may not be used to pay insurance premiums except for (1) COBRA, (2) qualified long-term care insurance (3) health care coverage while the individual is receiving unemployment compensation; and (4) premiums for Medicare Part A or B, Medicare HMO, and (5) after age 65, the employee's share of employer-sponsored retiree health care.	Eligible expenses are determined by the type of FSA you are enrolled in. • Medical FSA covers 213(d) eligible expenses including over-the-counter medication. • Limited FSAs cover dental, vision and preventative care expenses. • Combination FSAs cover dental, vision and preventative care expenses until you meet your health plan deductible. Then it covers all 213(d) expenses. • Dependent care FSA plans cover eligible dependent care expenses that allow you to work out of the home.	Employers determine what the account can be used for and what is deemed an eligible expense. Please refer to your employer's plan document.

[1] HSA, HRA, and FSA debit cards are automatically restricted for use with medical, dental and vision service providers and for items purchased at retail that are identified as qualified medical expenses based on merchant category codes.
[2] HSA distributions subject to IRS audit to prove they do not exceed out-of-pocket qualified medical expenses since HSA opened.

This Plan Comparison Chart is a summary of differences between plan types, and it does not describe all of the rules and limitations that apply to these arrangements. It is not legal or tax advice. See IRS Publication 969, Health Savings Accounts and Other Tax-Favored Health Plans, for more information on HSAs, HRAs, and FSAs.

DRIVEN BENEFIT ADMINISTRATORS