Benefits Insights

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Comparison of HSAs, HRAs and Health FSAs

This chart provides a quick and easy comparison of the different types of tax-advantaged health care accounts.

	Health Savings Account (HSA)	Health Reimbursement Arrangement (HRA)*	Health Flexible Spending Account (FSA)
Who owns the account?	Individual or employee	Employer	Employer
Eligible individual	Individuals covered by a high deductible health plan (HDHP) and no other health plan that pays benefits before the HDHP's deductible is reached (with some narrow exceptions). Individuals are not eligible if they can be claimed as a dependent on another person's tax return or if they are enrolled in Medicare.	Current and former employees	Current and former employees
Eligibility of spouse or dependents	Can reimburse medical care expenses of spouses and dependent children.	Employer can design HRA so that it reimburses eligible medical care expenses of spouses and dependent children.	Employer can design health FSA so that it reimburses eligible medical care expenses of spouses and dependent children.

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Who may fund the account?	Anyone can make contributions to an individual's HSA, including employer/employee. Employee may contribute pre-tax dollars through a Section 125 plan.	Employer only	Employer or employee. Typically, the employee contributes pretax dollars through a Section 125 plan.
What plans may be offered with the tax-advantaged account?	An HDHP that satisfies minimum annual deductible and maximum annual out-of-pocket expense requirements.	An employer must offer a health plan and the HRA must be considered integrated with group health plan coverage.	Most health FSAs must qualify as excepted benefits to satisfy ACA reforms. To qualify as an excepted benefit, the FSA must meet a maximum benefit requirement and other group health plan coverage must be offered by the employer.
Is there a limit on the amount that can be contributed per year?	\$4,150 Individual, \$8,300 Family (2024) \$3,850 Individual, \$7,750 Family (2023) Catch-up contributions: \$1,000/year– age 55 by end of tax year	No, there is no IRS prescribed limit.	For plan years beginning in 2023, employees may not elect to contribute more than \$3,050. The IRS has not released the limit for plan years beginning in 2024.
Can unused funds be rolled over from year to year?	Yes	Yes	No, with two exceptions. If the FSA allows, unused amounts may be used for expenses incurred during a grace period of 2 ½ months after the end of plan year. Also, if the FSA does not incorporate a grace period, it may allow employees to carry over up to \$610 in unused funds into the next plan year.

	Health Savings Account (HSA)	Health Reimbursement Arrangement (HRA)	Health Flexible Spending Account (FSA)
What expenses are eligible for reimbursement?	Section 213(d) medical expenses, including: -COBRA premiums -QLTC premiums -Health premiums while receiving unemployment benefits -If Medicare eligible due to age, health insurance premiums except medical supplement policies	Section 213(d) medical expenses, including health insurance premiums for current employees, retirees and qualified beneficiaries, and QLTC premiums. Cannot reimburse health insurance premiums for individual coverage. Employer can generally define "eligible medical expenses" to be more restrictive than the IRS guidelines.	Section 213(d) medical expenses. Expenses for insurance premiums are not reimbursable. Employer can generally define "eligible medical expenses" to be more restrictive than the IRS guidelines.
Must claims submitted for reimbursement be substantiated?	No	Yes	Yes
May account reimburse non-medical expenses?	Yes, but taxed as income and 20% penalty (no penalty if distributed after death, disability or age 65).	No	No
Federal tax treatment of employee contributions	Tax-deductible for individual, even if he or she does not itemize, provided contributions do not exceed the individual's annual contribution limit. If an employee contributes to his or her HSA through salary reduction, the contributions are tax-free and are not subject to FICA and other employment taxes.	n/a	If an employee contributes to an FSA through salary reductions under a cafeteria plan, the contributions are tax-free and are not subject to FICA and other employment taxes.

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PORTABILITY	HSA accounts, being individually owned, stay with the employee-participant for the life of the account, no matter their employment status.	HRAs are not portable. An employee-participant loses access to the funds if he or she changes employers (whether voluntarily or involuntarily). Employers who offer retiree health insurance benefits may also offer an HRA for former employees enrolled in the retiree health plan.	FSAs are not portable. The employer owns the accounts, so participants cannot keep them if they change employers (voluntarily or involuntarily) or retire.

**For purposes of this comparison chart, an HRA refers to a traditional HRA that is properly integrated with a group health plan. It does not include retiree-only HRAs, qualified small employer HRAs, individual coverage HRAs or excepted benefit HRAs.*