



Finding the Right Solutions

Comparing FSAs, HRAs, and HSAs

Congress has developed a variety of solutions to provide individuals and employers with tax-free solutions for financing health care expenses. Each solution has unique advantages designed to meet the diverse needs of individuals and employers.

Factor	Health Savings Accounts (HSAs)	Medical Flexible Spending Accounts (FSAs)	Health Reimbursement Accounts (HRAs)	Limited Medical FSA or HRA
Account Owner	Employee	Employer	Employer	See applicable FSA or HRA rules.
Funding of Account	Employee, employer, or a third party.	Typically employee, but employers are permitted.	Employer	
Annual Rollover	Yes	No	Permitted, but must be designed by employer.	
Portability	Yes	No	Permitted, but must be designed by employer.	
Claims Adjudication	No	Yes	Yes	
Eligible Expenses	Defined by Section 213(d).	Defined by Section 213(d). Employers have the option to restrict further.	Defined by Section 213(d). Employers have the option to restrict further.	Restricted to dental and vision expenses.
Permissible use for non-qualified expenses	Yes, but normal tax + penalty applies.	No	No	See applicable FSA or HRA rules.
Insurance Requirements	Must be covered by an HSA-compatible health plan as defined by IRS.	Requirements defined by employer.	Requirements defined by employer. <i>As of 1/1/2014, HRAs must be offered with a health plan to remain compliant with health care reform regulations.</i>	
Limits to contributions	Yes, annual limits set by IRS.	As of 1/1/2013, IRS sets annual maximum limit to \$2,500. Employers may set lower limits.	Limits are set by the employer.	
Limitations on when services are eligible and must be reimbursed	Expenses are eligible and can be withdrawn anytime after the HSA is established.	Services must occur during Plan Year (with option for grace period) and be reimbursed no later than the end of the run-out period.	Defined by the employer.	
Changes to elections	No limitations.	Limited to events causing a change in status.	Defined by the employer.	
Compatibility with other plans	Compatible with Limited Medical FSA or HRA.	Not compatible with HSA.	Not compatible with HSA.	Compatible with HSA.