

Employer Reference Guide: HSA, HRA, FSA Comparison Chart

2020



COMPLIANCE & LEGAL



HSA, HRA, AND FSA COMPARISON CHART

	Health Savings Account (HSA)	Health Reimbursement Arrangement (HRA)	Flexible Spending Account (FSA)
Account type	Trust or Custodial account	<ul style="list-style-type: none"> General assets of employer Trust 	<ul style="list-style-type: none"> General assets of employer Trust
Description	A tax-exempt trust or custodial account established for the purpose of paying qualified healthcare expenses of the account beneficiary who is covered under a qualified high-deductible health plan (HDHP).	An arrangement in which employer funds are used to reimburse employees for eligible healthcare expenses.	An arrangement in which employer and/or employee funds are used to reimburse employees for eligible healthcare and/or dependent care expenses.
Must be paired with a health plan	Yes. A qualified HDHP must be in force before an HSA can be established.	Yes, HRAs for active employees must be “integrated” with a group health plan.	No; however, employers must offer group health plan coverage to employees eligible for the FSA.
Who is eligible?	Individuals who meet all of the following requirements are eligible to contribute to an HSA: (1) Covered under an HDHP on the first day of the month, (2) Not covered by any other health plan that is not an HDHP, (3) Not entitled to benefits under Medicare, and (4) Not able to be claimed as a dependent on another person’s tax return	(1) Current and former employees, their spouses and tax dependents, (2) Owners and officers of a C Corporation, (3) A surviving spouse and dependents of a deceased employee may also be eligible	(1) Current employees, their spouses and tax dependents, (2) Owners and officers of a C Corporation, (3) A surviving spouse and dependents of a deceased employee may also be eligible
Ownership	Employee / Consumer	Employer	Employer
Portable	Yes	No, except for COBRA. It is the employer’s choice whether to continue reimbursing former employees (other than as required by COBRA).	No, except for COBRA.
Funding/ contributions	Employee / Consumer and / or Employer	Employer	Employer and/or employee
Do funds roll over?	Yes	It is the employer’s choice upon establishing an HRA to allow rollover and/or to cap the amount that may rollover from year to year.	Yes, up to \$500 may carry over year to year. Starting with 2020 plan years, the carryover limit is 20% of the maximum salary reduction contribution for that plan year (e.g., \$550 for plan years beginning in 2020).

	Health Savings Account (HSA)	Health Reimbursement Arrangement (HRA)	Flexible Spending Account (FSA)
Annual contribution limits	\$1,000 catch up contribution for age 55 or older, Individual 2020: \$3,550 Family 2020: \$7,100	Determined by employer and are subject to non-discrimination rules. No personal contributions are allowed.	Determined by employer and are subject to non-discrimination rules. Employee contributions limited to \$2,750/plan year for plan years beginning in 2020. Dependent care - \$5,000 for married filing joint return; \$2,500 for married filing single return
Annual out-of-pocket limits	Individual 2020: \$6,900 Family 2020: \$13,800	N/A	N/A
Eligible medical expenses*	Otherwise unreimbursed Code §213(d) medical expenses of account holder, spouse, and tax dependents incurred after HSA established, other than insurance premiums (with limited exceptions for COBRA coverage, long-term care insurance, health coverage while drawing unemployment compensation, and, if 65 or older, any health insurance except a Medicare supplemental policy).	Otherwise unreimbursed Code §213(d) medical expenses of employee, spouse and tax dependents, including children through the end of the year in which they turn 26, incurred while coverage is in effect, including premiums for eligible group health insurance and long-term care insurance (certain limits apply), subject to employer-designed limitations.	Otherwise unreimbursed Code §213(d) medical expenses of employee, spouse and tax dependents, including children through the end of the year in which they turn 26, incurred during the coverage period. Cannot reimburse insurance premiums. Cannot reimburse qualified long-term care services.
Non-eligible medical expenses	20% tax penalty and income tax prior to Medicare entitlement. Funds can be withdrawn for non-medical expenses without penalty once account holder is entitled to Medicare (taxes still apply).	Funds cannot be used for non-medical expenses.	Funds cannot be used for non-medical expenses.
Tax advantages	Employee/Consumer: (1) Pre-tax or tax-deductible contributions (2) Tax-deferred growth (3) Tax-free distributions on qualified medical expenses. Employer: Contributions are tax-deductible	Employee: All reimbursements are tax-free. Employer: Reimbursements are tax-deductible.	Employee: All reimbursements are tax-free. Employer: Reimbursements/ expenditures are tax-deductible.
Subject to COBRA	No	Yes	Limited COBRA

*Eligible medical expenses include medical, dental and vision care



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