

Plan Comparison Chart

The chart below was created to help outline the differences between FSAs, HRAs and HSAs. The information below may be helpful when deciding which account is right for you.



| PLAN DESIGN COMPARISONS | HEALTH FSA | HRA | HSA |
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| Who is eligible? | Any employee, subject to employer exclusions. The employer must offer a group health plan to those eligible for the Health FSA, though the employee does not have to be enrolled in the health plan in order to be eligible for the Health FSA. | Any employee, subject to employer exclusions. HRA eligibility must be tied to enrollment in a group health plan or meet other options defined within IRS Notice 2013-54. | Any individual who is covered under an HDHP (as defined in Code §223), is not entitled to Medicare and cannot be claimed as a tax dependent. The individual cannot have any non-HDHP health coverage. |
| Who can contribute? | Employee. Employee salary reductions are limited to the IRS maximum contribution limit of \$2,850 per year, per employee for 2022. | Employer only. | HSA holder or any other person (including holder's employer or family member). |
| Can unused amounts be carried over to the next year? | No. You have until September 14, 2022 to spend the funds or incur claims. You have until October 28, 2022 to submit claims. | No. Employees have until August 31st of each plan year to submit a claim to their HRA for costs incurred through June 30th of the current plan year. For example, if you receive an HRA contribution in July 2022, you have until August 31, 2023 to submit claims incurred through June 30, 2023. | Yes. |
| What medical expenses are eligible for reimbursement? | <p>Otherwise unreimbursed medical expenses of employee, spouse, eligible children under age 27 and dependents incurred during the coverage period.</p> <p>Cannot reimburse insurance premiums.</p> <p>Cannot reimburse qualified long-term care services.</p> <p>*Subject to Code §213(d)</p> | <p>Otherwise unreimbursed medical expenses of employee, spouse, eligible children under age 27 and dependents incurred while coverage is in effect, including premiums for eligible health insurance and long-term care insurance, subject to employer limitations.</p> <p>Cannot reimburse qualified long-term care services.</p> <p>*Subject to Code §213(d)</p> | <p>Otherwise unreimbursed Code §213(d) medical expenses of account holder, spouse and eligible dependents incurred after HSA was 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).</p> |
| May debit cards be used? | Yes. | Yes. | Yes. |

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| Are distributions (or cash-outs) for non-medical expenses permitted? | No. | No. | Yes. However, distributions for nonmedical expenses are taxable and subject to a 20% excise tax (certain exceptions apply). |
| Are mid-year changes allowed? | Yes, with a qualified life event only | No. | Yes. Changes can be made throughout the year and do not require a qualifying life event. |
| Can amounts that are unused at termination of active employment continue to be spent down? | Generally no. You cannot use unused amounts to pay for claims incurred after termination (except as COBRA may allow). | Yes. Expenses can be incurred after termination through the end of the 60-day runout period. | Yes. HSAs are non-forfeitable and portable. |
| To be reimbursable, must claims be incurred during the current period of coverage? | Yes. | Yes. Employees have until August 31st of each plan year to submit a claim to their HRA for costs incurred through June 30th of the current plan year. For example, if you receive an HRA contribution in July 2022, you have until August 31, 2023 to submit claims incurred. | No. Distributions for qualifying medical expenses will be tax-free if incurred at any time after the HSA is established. State trust law determines when an HSA is established. |
| Is expense substantiation required? | Yes. | Yes. | Yes. The HSA account holder must retain records. |
| Does the claim go through an approval process? | Yes. | Yes. | No. |
| Can an individual participate in more than one of these plans at the same time? | An employee who is covered by a Health FSA may also participate in an HRA. A traditional, general-purpose Health FSA will make an individual ineligible for an HSA. But a Combination Health FSA will not prevent HSA eligibility. | An employee who is covered by an HRA may also participate in a Health FSA. A traditional, general-purpose HRA will make an individual ineligible for an HSA. But a combination HRA, will not prevent HSA eligibility. | A traditional, general-purpose Health FSA or HRA will make an individual ineligible for an HSA. But a combination Health FSA or combination HRA will not prevent HSA eligibility. |
| Are there rules that apply for reimbursement when an employee has multiple accounts? | Plan ordering rules are to 'Pay from Plan Requested' meaning that participants can indicate which plan they are filing their claim towards. If not indicated, the claim will go to the FSA (if applicable). Cannot reimburse expenses that have been reimbursed elsewhere. | Plan ordering rules are to 'Pay from Plan Requested' meaning that participants can indicate which plan they are filing their claim towards. If not indicated, the claim will go to the FSA (if applicable). Cannot reimburse expenses that have been reimbursed elsewhere. | No. HRA or Health FSA participants do not need to exhaust their HSAs before seeking payment or reimbursement. (See above regarding the Combination HRA or Health FSA designs that do not interfere with HSA eligibility). Cannot reimburse expenses that have been reimbursed elsewhere. |