

Comparison Chart

Health savings accounts (HSAs), flexible spending accounts (FSAs), and health reimbursement arrangements (HRAs) are companion benefits employers can offer to empower their employees to save money on health care expenses. Employers can offer one of these benefits, or combine multiple benefits to maximize tax savings.



Plan Limits

HSAs and FSAs are subject to statutory plan limits set by the IRS. Limits are updated annually, with some updates announced in the spring and others announced in the fall. Visit www.ebcflex.com/PlanLimits for the most up-to-date limit information at any time of year.

	HSA	Health Care FSA	HRA
Account Details			
What is it?	An employee-owned savings account that allows accountholders to set aside money to pay for eligible health care expenses tax-free, with investment options available	An employer-sponsored pre-tax account that allows participants to set aside funds to pay for eligible health care expenses	An employer-provided fund that helps participants cover eligible health care expenses
When are funds available for the employee to spend?	Similar to a bank account, funds are available to use as contributions are deposited into the account	All funds are available on the first day of the plan year (uniform coverage rule)	The employer chooses when funds are available to participants
Is rollover allowed?	Yes	The employer can choose to allow rollover, up to the statutory maximum Any funds remaining at the end of the year above the rollover amount are forfeited	The employer can choose whether to allow rollover <ul style="list-style-type: none"> • Unlimited rollover • Rollover up to an employer-determined maximum • No rollover
Can the employee use account funds after leaving the employer?	Yes	No, unless eligible to extend under COBRA	The employer can choose to allow employees to use funds after leaving the employer, or may only allow access if coverage is extended under COBRA
Eligibility			
Who can participate?	<ul style="list-style-type: none"> • Enrolled in a qualified high deductible health plan (HDHP) • No other disqualifying coverage (including Medicare) • Not another individual's tax dependent 	<ul style="list-style-type: none"> • W-2 employee • Meets employer's requirements (e.g. minimum working hours, new hire waiting periods) • Not self-employed (e.g. more than 2% shareholder of an S-corp and their family members, partners in a partnership, sole proprietor) • When the FSA reimburses general medical expenses, eligible for a medical plan sponsored by the same employer 	<ul style="list-style-type: none"> • W-2 or former employee • Meets employer's requirements (e.g. minimum working hours, new hire waiting periods) • Not self-employed (e.g. more than 2% shareholder of an S-corp and their family members, partners in a partnership, sole proprietor) • When the HRA reimburses general medical expenses, employee must also be enrolled in an employer-sponsored medical plan
Contributions			
Who can contribute to the account?	<ul style="list-style-type: none"> • Employer • Eligible employee (pre- or post-tax) 	<ul style="list-style-type: none"> • Employer • Eligible employee (pre-tax) 	<ul style="list-style-type: none"> • Employer only
Can employees change their election throughout the plan year?	Yes	Elections are irrevocable, unless the participant experiences a specific qualifying event (e.g., job loss)	HRAs integrated with a medical plan: Typically, contribution is determined by the employee's medical coverage level Non-integrated HRAs: The employer chooses if and when a participant can change their coverage
Does the IRS put a maximum limit on annual contributions?	Yes. Find details at www.ebcflex.com/PlanLimits	Yes. Find details at www.ebcflex.com/PlanLimits	No. The employer defines the benefit amount.

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Do employees receive interest earnings on the account?	Yes, and interest earnings are tax-free and excluded from income	Typically, no	Typically, no
Does Medicare enrollment impact the account?	Yes Medicare enrollees can't make new contributions to an HSA, but they can still use funds in an existing account	No	No
Reimbursements			
Whose expenses can be reimbursed?	<ul style="list-style-type: none"> • Accountholder • Spouse • Tax dependents (does not include adult children or domestic partners who are not tax dependents) 	<ul style="list-style-type: none"> • Participant • Spouse • Eligible children until the end of the calendar year when they turn 26 • Tax dependents (does not include domestic partners who are not tax dependents) 	<ul style="list-style-type: none"> • Participating employee or former employee • Spouse • Eligible children until the end of the calendar year when they turn 26 • Tax dependents (does not include domestic partners who are not tax dependents)
What medical expenses are eligible for reimbursement?	<ul style="list-style-type: none"> • All §213 medical expenses except insurance premiums, which are only allowed in certain cases • Find details at www.ebcflex.com/EligibleExpenses 	<ul style="list-style-type: none"> • All §213 medical expenses except long-term care expenses and insurance premiums • Find details at www.ebcflex.com/EligibleExpenses 	<ul style="list-style-type: none"> • Employer chooses which §213 medical expenses to reimburse except medical coverage premiums, which are only allowed in certain cases • Find details at www.ebcflex.com/EligibleExpenses
Are premiums for medical coverage reimbursable?	Yes. The following premiums are reimbursable. <ul style="list-style-type: none"> • COBRA and qualified long-term care coverage • Health plan coverage while receiving unemployment • Health plan coverage (other than Medicare supplemental insurance) for those age 65 or older 	No	Employers may choose to allow this for Retiree HRAs only
Are reimbursements for eligible expenses taxable?	No	No	No
Are reimbursements used for ineligible expenses taxable?	Yes <ul style="list-style-type: none"> • Funds used by the accountholder for non-medical expenses are subject to income tax and a 20% penalty • Distributions after the accountholder's death, disability, or reaching age 65 are subject only to income tax 	Not allowed If a reimbursement is used for ineligible expenses in error, it is subject to income tax	Not allowed If a reimbursement is used for ineligible expenses in error, it is subject to income tax
Do employees need to prove expenses are eligible by submitting expense documentation?	No; however, the accountholder should keep records of all expenses for tax purposes	Yes, all expenses need proof of eligibility; however, some Benefits Card purchases may be automatically approved	Yes, all expenses need proof of eligibility; however, some Benefits Card purchases may be automatically approved
Additional Requirements			
Is there anything else I should know about these benefits?	Accountholders must file a Form 8889 along with their personal income tax Accountholders who make post-tax contributions to an HSA receive an above-the-line tax deduction on their tax filing	Non-excepted FSAs are subject to the Patient Centered Outcome Resource (PCOR) tax and required to distribute a Summary of Benefits and Coverage (SBC) to participants	HRAs are subject to the PCOR tax and required to distribute an SBC if they reimburse for general medical expenses