# HSA/FSA/HRA Comparison Chart

| Overview | HSA | Health FSA | Traditional HRA |
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| **What is it?** | Tax-exempt account that can be used to pay or reimburse employees for certain medical expenses. | Tax-advantaged employer plan that reimburses employee medical expenses. | Tax-advantaged employer plan that reimburses employee medical expenses. |
| **What are some advantages to it?** | • HSAs make an employer's benefits package more attractive by helping employees pay out-of-pocket medical expenses in a tax-advantaged way.<br>• Employer contributions to employees' HSAs are generally deductible business expenses.<br>• All compliant HSA contributions are tax-exempt for the employee. | • No federal income tax or employment tax on contributions.<br>• Tax-free distributions for qualified medical expenses.<br>• Employee can draw on the account for medical expenses before funds are placed in it. | • No federal income tax or employment tax on contributions.<br>• Tax-free distributions for qualified medical expenses.<br>• Funds can be carried over from year to year at employer's discretion. |
| **What expenses can it be used to pay?** | Most medical, dental, vision, and prescription drug expenses, but not most group or individual insurance premiums. | Expenses allowed by the plan that generally qualify for the medical and dental expenses tax deduction, but not traditional health insurance premiums. | Expenses allowed by the plan that generally qualify for the medical and dental expenses tax deduction, but not traditional health insurance premiums. |
| **Which employees can have it?** | Employees must be covered under a high deductible health plan (HDHP) to contribute to or establish an HSA. For plan years beginning on or after Jan. 1, 2024, an HDHP is a plan with:<br>• A minimum deductible of $1,600 for self-only coverage and $3,200 for family coverage ($1,650 and $3,300, respectively, for plan years beginning in 2025); and<br>• A maximum out-of-pocket expense limit of $8,050 for self-only coverage and $16,100 for family coverage ($8,300 and $16,600, | Those enrolled in non-FSA group medical coverage and eligible under the rules of the plan, subject to the Section 105(h) and 125 nondiscrimination rules. | Those enrolled in non-HRA group medical coverage and eligible under the rules of the plan, subject to the Section 105(h) nondiscrimination rules. |

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| | respectively, for plan years beginning in 2025).<br><br>In addition, employees generally must not be:<br>• Enrolled in any other plan but the HDHP<br>• Enrolled in Medicare; or<br>• Eligible to be claimed as a tax dependent. | | |
| **Who can contribute to it?** | Anyone. | Employers and employees. | Only employers. |
| **How much can be contributed to it?** | For 2024, the limit on all contributions for individuals with self-only HDHP coverage is $4,150 ($4,300 for 2025). For individuals with family HDHP coverage, the limit is $8,300 ($8,550 for 2025). These limits are $1,000 higher for individuals age 55 or older at any time during the year. | For plan years beginning in 2024, employees may contribute up to $3,200 ($3,050 for plan years beginning in 2023). | Any amount. |
| **Can employees carry over funds from year to year?** | Yes. | Generally no, but employers may:<br>• Allow employees to carry over up to $640 of unused funds for plan years beginning in 2024 ($610 for 2023) to use in the following year; or<br>• Provide a “grace period” of 2.5 months after the end of the plan year for employees to use the money in the account. | Yes, if allowed by the employer. |
| **Is it portable for the employee?** | Yes. | No. | No. |
| **What requirements must an employer satisfy?** | If contributing to employees' HSAs through a cafeteria plan, the employer must satisfy certain cafeteria plan nondiscrimination rules. All contributions to employees' HSAs outside of a cafeteria plan must be made on a | 1. Have an official written plan document.<br>2. Distribute a Summary Plan Description (SPD) within 90 days of the | 1. Have an official written plan document.<br>2. Distribute a Summary Plan Description (SPD) within 90 days of the |

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| | comparable basis to all comparable participating employees. Comparable contributions must be either:<br><br>• The same amount; or<br>• The same percentage of the annual deductible limit under the HDHP covering the employees.<br><br>Comparable participating employees:<br><br>• Are covered by an HDHP offered by the employer;<br>• Are eligible to establish an HSA;<br>• Have the same category of coverage (self-only or family coverage); and<br>• Have the same category of employment (generally part-time or full-time). | employee becoming a plan participant.<br>3. Offer the health FSA as part of a cafeteria plan.<br>4. Offer employees traditional group health coverage.<br>5. Meet the Section 105(h) and 125 nondiscrimination rules.<br>6. Comply with the IRS' rules on mid-year election changes.<br>7. Set the maximum benefit amount for each employee so that it does not exceed:<br>8. ◦ Two times the employee's health FSA salary reduction election for the year; or<br>◦ If greater, $500 plus the amount of the employee's health FSA salary reduction election for the year<br>9. Substantiate all reimbursement claims.<br>10. Annually pay PCORI fees by July 31, if applicable. | employee becoming a plan participant.<br>3. Meet the Section 105(h) nondiscrimination requirements.<br>4. Offer employees traditional group health coverage.<br>5. Substantiate all reimbursement claims.<br>6. Annually pay PCORI fees by July 31, if applicable. |
| **Can employers offer or contribute to it without also offering a group health plan?** | Yes, as long as those employees are eligible to have a HSA. | No. | Generally, no. |
| **Is it subject to COBRA?** | No. | Yes, but may be provided on a limited basis. | Yes. If an employee elects COBRA coverage, his or her HRA must: |

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| | | | | • Continue at the maximum reimbursement amount applicable at the time of the COBRA qualifying event; and<br>• Increase at the same time and by the same increment that HRA reimbursement amounts are increased for similarly situated non-COBRA HRA participants. |

*For purposes of this chart, the term "Traditional HRA" means an HRA that is properly integrated with a group health plan. It does not include retiree-only HRAs, qualified small employer HRAs (QSEHRAs), individual coverage HRAs (ICHRAs) or excepted benefit HRAs (EBHRAs).