HSA/FSA/HRA Comparison Chart

Overview	HSA	Health FSA	Traditional HRA **Note: 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, or the two additional types of HRAs that can be offered in plan years beginning in 2020.**
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. • Employer contributions to employees' HSAs are generally deductible business expenses. • All compliant HSA contributions are tax-exempt for the employee.	• No federal income tax or employment tax on contributions. • Tax-free distributions for qualified medical expenses. • Employee can draw on the account for medical expenses before funds are placed in it.	• No federal income tax or employment tax on contributions. • Tax-free distributions for qualified medical expenses. • 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. Please read IRS Publications 969 and 502 for more information.	Expenses **specified by the plan** that generally qualify for the medical and dental expenses deduction, but not traditional health insurance premiums.	Expenses that generally qualify for the medical and dental expenses 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, 2022, an HDHP is a plan with: • A minimum deductible of $1,400 for self-only	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.

	coverage and $2,800 for family coverage ($1,500 and $3,000, respectively, for plan years beginning in 2023); and • A maximum out-of-pocket expense limit of $7,050 for self-only coverage and $14,100 for family coverage ($7,500 and $15,000, respectively, for plan years beginning in 2023). In addition, employees generally must **not** be: • Enrolled in any other plan but the HDHP; • Enrolled in Medicare; or • A dependent on someone else's tax return.		
Who can contribute to it?	Anyone.	Employers and employees.	Only employers.
How much can be contributed to it?	For 2022, the limit on all contributions for individuals with self-only HDHP coverage is $3,650 ($3,850 for 2023). For individuals with family HDHP coverage, the limit is $7,300 ($7,750 for 2023). These limits are $1,000 higher for individuals age 55 or older at any time during the year.	For plan years beginning in 2022, employees may contribute up to $2,850.	Any amount.
Can employees carry over funds from year to year?	Yes.	Generally no, but employers may: • Allow employees to carry over **$570** in 2022 to use in the following year; or • Provide a "grace period" of 2.5 months after the end of the plan year for employees to use the money in the account. **Note:** IRS Notice 2020-29 allows employers to permit employees to apply unused amounts remaining in a health FSA at the end of a plan year ending in 2020 (or a grace period ending in 2020) to pay or reimburse expenses incurred through Dec. 31, 2020.	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 comparable basis to all comparable participating employees. Comparable contributions must be either: • The same amount; or • The same percentage of the annual deductible limit under the HDHP covering the employees. Comparable participating employees: • Are covered by an HDHP offered by the employer; • Are eligible to establish an HSA; • Have the same category of coverage (self-only or family coverage); and • Have the same category of employment (generally part-time or full-time).	1. Have a written Plan Document. 2. Distribute a Summary Plan Description (SPD) within 90 days of the employee becoming a plan participant. 3. Offer the health FSA as part of a cafeteria plan. 4. Offer employees traditional group health insurance. 5. If making contributions, meet the Section 105(h) and 125 nondiscrimination rules. 6. Comply with the rules on mid-year election changes. 7. Set the maximum benefit amount for each employee so that it does not exceed: 8. ○ Two times the employee's health FSA salary reduction election for the year; or ○ If greater, $500 plus the amount of the employee's health FSA salary reduction election for the year 9. Annually file IRS Form 720 and pay PCORI fees by July 31.	1. Have a written Plan Document. 2. Distribute a Summary Plan Description (SPD) within 90 days of the employee becoming a plan participant. 3. Employer contributions must meet the Section 105(h) nondiscrimination requirements. 4. Traditional HRAs generally must be offered along with a traditional group health plan. Violations of this requirement can lead to **penalties of up to $100 per day per employee**. Click here for more information. 5. Must substantiate all reimbursement claims. 6. Must annually file IRS Form 720 and pay PCORI fees by July 31.
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. See **"Which employees can have it?"** above.	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 Traditional HRA must: • Continue at the maximum reimbursement amount applicable at the time of the

			COBRA qualifying event; and • Increase at the same time and by the same increment that Traditional HRA reimbursement amounts are increased for similarly situated non-COBRA Traditional HRA participants.
Where can I learn more?	• Employer FAQs • IRS Publication 15-B • IRS Publication 969	• IRS Publication 502 • IRS Publication 969 • DOL Guidance	• IRS Publication 969 • DOL Guidance • DOL FAQs

*_**Temporary COVID-19 Rules - Expired:**_ Due to the COVID-19 pandemic, the Consolidated Appropriations Act of 2021 and IRS Notice 2021-15 provide flexibility to employers offering health or dependent care FSAs, allowing employers to:

- Permit employees to carry over unused amounts from the 2020 and 2021 plan years;
- Extend the grace period for incurring claims for plan years ending in 2020 and 2021, up to 12 months;
- Adopt a special rule regarding post-termination reimbursements from health FSAs, which allows employers to permit employees who cease plan participation during 2020 or 2021 to continue to receive reimbursements from unused amounts through the end of the plan year in which their participation ended; and
- Allow additional mid-year election changes for plan years ending in 2021.