

A Comparison Guide for Reimbursement Health Accounts: FSA, HSA, and HRA

Question	HSA	HEALTH CARE FSA	HRA
What does the acronym stand for?	Health Savings Account	Health Care Flexible Spending Account	Health Reimbursement Arrangement
What is this account?	It's a government-regulated savings account that allows you to set aside pretax income to cover health care costs that aren't paid by your insurance.	It's a pretax benefit account that's used to pay for eligible medical, dental, and vision care expenses – those not covered by your health care plan or elsewhere.	It's an IRS-approved, employer-funded, tax-advantaged, personalized health benefit that reimburses employees for out-of-pocket medical expenses and individual health insurance premiums.
How do I apply for the account?	You must sign up for a high-deductible health plan (HDHP) that meets a deductible threshold set by the IRS. Other IRS guidelines must be met – see these at irs.gov .	You may open an FSA account if your employer offers one. You do not have to have any specific health plan to participate in an FSA.	Typically, it is automatically offered in conjunction with a health plan.
Who owns the account?	You, the employee, own the account.	Your employer owns the account, but it's your money.	Your employer owns the account and money.
Who can make deposits?	You, the employee. Your employer, family, and others may put money in.	You, the employee. Your employer may also put money in.	Only your employer. You, the employee, may not contribute.
How is it funded?	You can make deposits, similar to a regular bank account. Your employer and family may also contribute. Your employer may allow you to deposit pretax money directly from your paycheck.	Typically, your employer will take a per-paycheck contribution, before taxes, and deposit it into the account.	Your employer may deposit an annual lump sum amount or a monthly amount.
Is there a limit on how much I can deposit into the account?	Yes. The IRS sets a limit on how much you can put into it each year. Check your health plan documents and irs.gov . There is no limit to how much you can save over time.	Yes. The IRS sets a limit on how much you can put into it each year. Check your plan documents and irs.gov . Your employer can decide an annual limit that is less than the IRS limit.	You, the employee, may not contribute.
What happens if I don't spend the total amount this plan year?	Since you own the account, the money will stay in it until you choose to spend it. You can save and use it into retirement.	Your employer may allow up to \$550 to carry over to next year. Check your plan documents.	Your employer may allow a carry over to next year. Check your plan documents.
Can I cash out to buy a car?	Yes. But if you cash it out and do not use the money for qualified medical expenses, you will have to pay taxes on it. You may also have to pay a 20% tax penalty.	No.	No.
What happens if I quit?	You own the account and you can take it with you to the next job/employer.	Your employer keeps the money, unless you elect to continue your account through COBRA.	Your employer keeps the money.
When can I start accessing the funds?	You can start spending the HSA once you have signed up for a HDHP, opened the account, and have funds available for use.	You can start spending the FSA on the first day of the plan year.	Typically, you can start spending on the first day of the plan year. Your employer may also set rules on when you can use the money.

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Do I have to pay taxes on the account?	<p>No. You don't have to pay federal taxes or state income taxes in most states, on:</p> <ul style="list-style-type: none"> • Contributions • Withdrawals for qualified medical expenses • Interest earned <p>If you put funds in through pretax payroll deposits through your employer, you don't have to pay Social Security taxes.</p>	No. You don't have to pay federal, state or Social Security taxes on the funds.	No. You don't have to pay federal, state or Social Security taxes on the funds.
Does the account earn interest or grow?	Yes, you can earn interest on the account and you may invest in variety of mutual fund options when your balance is over \$1,000.	No.	No.
What can I pay for with it?	You can pay for qualified medical expenses and covered health care services as determined by IRS Section 213(d). This includes deductibles, coinsurances, copayments, prescription drugs, and more.	You can pay for qualified medical expenses and covered health care services as determined by Section 213(d) of the IRS. This includes deductibles, coinsurances, copayments, prescription drugs, and more.	You can pay for hundreds of eligible medical expenses, which are determined by the IRS and your employer. Your employer may only allow the HRA to pay for services covered by your health plan. Some employers allow payment of dental, vision and other health care services and supplies that are listed under Section 213(d) of the IRS.
Can I use it for things other than health care?	No, unless you are over age 65. If funds are used for things other than qualified medical expenses and covered health care services as determined by Section 213(d) of the IRS, you could pay a 20% tax penalty.	No.	No.
Can I have any other accounts with it?	Yes. You may have a limited-purpose FSA or a limited-purpose HRA. Both may be used to pay for eligible dental and vision services so you can build and preserve your HSA funds.	Yes. You can have an HRA or a Dependent Care FSA.	Yes. You can have a health care FSA and Dependent Care FSA.
Can I use it to pay for COBRA plan premiums or other plan premiums?	Yes.	No.	Yes.

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