

HSA, FSA, HRA Comparison

	Health Savings Account (HSA) IRC Sec. 223	Flexible Spending Account (FSA) IRC Sec. 125	Health Reimbursement Arrangement (HRA) IRC Sec. 105(h)
Description	Approved by Congress in 2003, the HSA is a bank account in the name of the employee that allows them to save and pay for qualified medical expenses tax-free.	Allows employees to pay out-of-pocket medical, dental, and vision expenses tax-free. The FSA can also be designed to include qualifying dependent care reimbursement.	Reimbursement accounts where the employer can set the contribution level, which services are covered, and what happens with unused funds.
Employer Eligibility	Must offer a qualified high-deductible health plan (HDHP).	All employers	All employers
Contribution Source	Anyone can contribute (Employer, Employee, Others)	Employee and/or Employer	Employer Only
Account Owner	Individual	Employer	Employer
Underlying Insurance Requirement	Must be participating in HDHP	None	Needs to be integrated with a group health plan.
Minimum Deductible	\$1,350 single (2018) \$2,700 family (2018)	N/A	N/A
Maximum Contribution	\$3,450 single (2018) \$6,900 family (2018)	\$2,650 Maximum (2018)	Set by Employer
Permissible Use of Funds	Employees may use funds any way they wish. If used for non-qualified expenses, subject to current tax rate plus 20% penalty.	Reimbursement for only qualified medical expenses as defined in IRC Sec. 213(d).	Reimbursement for qualified medical expenses selected by Employer (May be any expenses in IRC Sec. 213(d)).
Cash-Outs of Unused Amounts (if no medical expenses)	Permitted, but subject to current tax rate plus 10% penalty (penalty waived after age 65)	Not permitted.	Not permitted.
Year-to-Year rollover of account balances?	Yes, account balance is retained from year to year.	2 1/2 month grace period or rollover up to \$500 if Employer elects.	Defined by Employer
Does the account earn interest?	Yes	No	No
Portable?	Yes, completely portable between employers.	No	By Design: Former employees may have access at employer's discretion.
COBRA eligible	No	Yes, in limited circumstances	Yes
NBS Administration	Yes	Yes	Yes

For more information, please call
(800) 274-0503

