Plan Comparison Chart

A Comparison of HSA, HRA, and FSAs

To help you understand the differences between HSAs, HRAs, and FSAs, take a look at the comparison chart below.

NOTE: This publication is for informational purposes only. The IRS releases limits and maximums throughout each year. Therefore, be sure to check IRS.gov for updates by the IRS after the date of this publication.

	HSA	HRA	FSA
	Health Savings Account	**Health Reimbursement Arrangement**	**Flexible Spending Account**
What is it?	An HSA is a savings account that is used in combination with a high-deductible health plan (HDHP) that lets you set aside pre-tax funds. You can use your HSA funds to cover qualified medical expenses.	An HRA is an account funded by your employer that can be used to reimburse eligible expenses. Your employer determines which expenses are eligible.	An FSA is an account your employer establishes that allows you to set aside pre-tax funds aside to pay for eligible medical, dental, vision or daycare expenses.
Am I eligible?	You must be enrolled in a HDHP in order to open and contribute to an HSA. If you are covered by a non-HDHP, medical FSA, 213(d) HRA or Medicare, you are not eligible to open or contribute to an HSA.	Your employer determines who is eligible. To receive HRA funds, you must be enrolled in your employer-sponsored group health plan unless the HRA is limited to vision or dental expenses.	You must be offered a group health plan by your employer, but do not need to participate in their health plan to participate in the FSA.
Who "owns" the account?	Individual/employee	Employer	Employer
Who can contribute to the account?	Employee and/or employer	Employer	Employee and/or employer
Where are funds held?	Is an employee-owned account – held at a qualified financial institution.	By employer	By employer
Pre-tax payroll deductions allowed?	Yes, up to the annual IRS limit.	No	Yes, up to the amount you "elect" during open enrollment.

	HSA	HRA	FSA
Post-tax contributions allowed?	Yes, up to the annual IRS contribution limit.	No	No
Annual maximum limit on contributions [www.irs.gov]	Yes[1]	No[2]	Yes[3]
Entire election available for reimbursement at start of plan year	No	Depends on plan design.	Yes (except Dependent Care FSAs)
Can funds roll-over from year to year?	Yes	Depends on plan design.	Depends on plan design. If the plan includes a carryover, up to $700 can be rolled over from the 2027 plan year into 2028[4]
Can funds be invested?	Yes	No	No
What distributions are allowed?	Debit Card[5] Request for distribution or bill-pay Online/Paper	Depends on plan design. Options include: Debit Card "Claim" – Request for reimbursement or bill pay Online/Mobile/Paper	Debit Card "Claim" – Request for reimbursement or bill pay Online/Mobile/Paper
Documentation (substantiation) required?	Not required for payment[5]	Required	Required for manual claims and if a debit card claim cannot be automatically approved.
Tax Benefit	Contributions are tax-free, interest and investment gains are tax-free, and withdrawals are tax-free when used for qualified medical expenses.	Employer deposits and claim payments are tax-free.	Employer/payroll deposits and claim payments are tax-free.
Interest earning?	Interest can be accrued on a tax-deferred basis in qualified HSAs. And if the account balance reaches the minimum balance requirement, the funds can be invested in mutual funds, and those gains are also tax-free.	No	No

	HSA	HRA	FSA
Access to funds after termination	Since the HSA is an individually owned account, and not owned by your employer, you keep your HSA and all funds regardless of where you are employed.	Access to your HRA would be offered through COBRA.	You will be given a pre-determined number of days after your last day of employment to submit claims. Access to your FSA may be offered through COBRA.
What expenses qualify for distribution?	Medical expenses under § 213(d) of the Internal Revenue Code including over the counter drugs are eligible medical expenses. HSAs may not be used to pay insurance premiums except for (1) COBRA, (2) qualified long-term care insurance (3) health care coverage while the individual is receiving unemployment compensation; and (4) premiums for Medicare Part A or B, Medicare HMO, and (5) after age 65, the employee's share of employer-sponsored retiree health care.	Employers determine what the account can be used for and what is deemed an eligible expense. Please refer to your employer's plan document.	Eligible expenses are determined by the type of FSA you are enrolled in. Medical FSA covers 213(d) eligible expenses including over-the-counter medication. Limited FSAs cover dental, vision and preventative care expenses. Combination FSAs cover dental, vision and preventative care expenses until you meet your health plan deductible. Then it covers all 213(d) expenses. Dependent care FSA plans cover eligible dependent care expenses that allow you to work out of the home.

[1] IRS-imposed HSA limits for 2027: The 2027 annual HSA contribution limit for individuals with self-only HDHP coverage is $4,500, and the limit for individuals with family HDHP coverage is $9,000. Annual catch-up contributions for those 55 and over is an additional $1,000.

[2] IRS does not impose HRA limits; limits are set by employer.

[3] Employee contribution limits are announced by the IRS. For 2027, the limit for an FSA cannot exceed $3,500 per IRS Rules.[4] HSA, HRA, and FSA debit cards are automatically restricted for use with medical service providers and for items purchased at retail that are identified as qualified medical expenses based on electronic inventory control codes.

[4] Employers may elect to have (i) a grace period for employees to use leftover funds from a previous plan year to pay for expenses incurred in the period up to 2 months and 15 days into the new plan year; or (ii) a carryover of up to $700 to the new plan year for payment of medical expenses during the entire year in which it is carried over.

[5] HSA, HRA, and FSA debit cards are automatically restricted for use with medical, dental and vision service providers and for items purchased at retail that are identified as qualified medical expenses based on merchant category codes.

This Plan Comparison Chart is a summary of differences between plan types, and it does not describe all of the rules and limitations that apply to these arrangements. It is not legal or tax advice. See IRS Publication 969, Health Savings Accounts and Other Tax-Favored Health Plans, for more information on HSAs, HRAs, and FSAs.

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