A comparison of HSA, medical FSA, and combination FSA

To help you understand the differences between an HSA, medical FSA, and combination FSA, 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.

	Health Savings Account (HSA)	Medical Flexible Spending Account (FSA)	Combination Flexible Spending Account (FSA)
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.	A medical FSA is an employer-established account that lets you set aside pre-tax funds to pay for eligible medical, dental, vision, and preventive expenses.	A combination FSA is an employer-established account that lets you set aside pre-tax funds for eligible expenses. It starts as a limited FSA and converts to a medical FSA once your health plan deductible is met.
Am I eligible?	You must be enrolled in an 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 must offer a group health plan to those eligible for an FSA, though you do not have to be enrolled in the health plan to participate in the FSA.	Your employer must offer a group health plan to those eligible for an FSA, though you do not have to be enrolled in the health plan to participate in the FSA.
Can it be paired with other accounts?	Cannot be paired with a medical FSA. Can be paired with a limited FSA, combination FSA, and/or dependent care FSA.	Cannot be paired with an HSA.	Can be paired with an HSA.
Who "owns" the account?	Individual	Employer	Employer
Who can contribute to the account?	Employee and/or employer	Employee and/or employer	Employee and/or employer
Where are funds held?	Employee-owned trust account held at a bank or qualified nonbank custodian	By employer	By employer
Pre-tax payroll deductions allowed?	Yes, up to the annual IRS limit.	Yes, up to the amount you elect during open enrollment.	Yes, up to the amount you elect during open enrollment.
Post-tax contributions allowed?	Yes, up to the annual IRS contribution limit.	No	No
2027 contribution limit	Self-only: $4,500 Family: $9,000 Age 55+: Additional $1,000[1]	$3,500[2]	$3,500[2]
Entire election available for reimbursement at start of plan year?	No	Yes	Yes

	Health Savings Account (HSA)	Medical Flexible Spending Account (FSA)	Combination Flexible Spending Account (FSA)
Can funds roll over from year to year?	Yes. All funds carry over from year to year.	Depends on plan design. If the plan includes a carry over, up to $700 can be rolled over from the 2027 plan year into 2028.	Depends on plan design. If the plan includes a carry over, up to $700 can be rolled over from the 2027 plan year into 2028.
Can funds be invested?	Yes	No	No
What distributions are allowed?	Debit card[3] Request for distribution or bill-pay Online/paper	Debit card[3] Claim/request for reimbursement or bill pay Online/mobile/paper	Debit card[3] Claim/request for reimbursement or bill pay Online/mobile/paper
Documentation (substantiation) required?	Not required for payment[4]	Required for manual claims and if a debit card claim cannot be automatically approved.	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 federal tax-free when used for qualified medical expenses.	Employee contributions are made pre-tax, and reimbursements for eligible expenses are tax-free.	Employee contributions are made pre-tax, and reimbursements for eligible expenses are tax-free.
Interest earning?	Interest can be accrued and investment options may be available.	No	No
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.	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.	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.	Eligible medical, dental, and vision expenses, including certain over-the-counter drugs, doctor visits, physical therapy, surgeries, hearing aids, and more.	Dental, vision, and preventive care expenses until you meet your health plan deductible. After that, it covers the same 213(d) expenses as a medical FSA.

[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 older is an additional $1,000.
[2] Employee contribution limits are announced by the IRS. For 2027, employee contribution to an FSA cannot exceed $3,500.
[3] HSA 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.
[4] HSA distributions are subject to IRS audit to prove they do not exceed out-of-pocket qualified medical expenses incurred since the HSA was opened.

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 and FSAs.

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