Differences between Healthcare FSAs, HSAs and HRAs

Healthcare Flexible Spending Accounts (also known as a Healthcare FSA or HCFSA), Health Savings Accounts (HSAs) and Health Reimbursement Arrangements (HRAs) are all accounts designed to help you pay for qualified medical expenses. However, there are differences with each account that you should be aware of before deciding which one is best for you. Below are a few of the differences between the accounts.

	HCFSA	HSA	HRA
Overview	Employer-owned account that allows employees to make pre-tax contributions and reimburse themselves for qualified medical expenses.	Employee-owned savings account designed to help employees pay for qualified medical expenses tax free.	Employer-funded plan that reimburses the employee for certain qualified medical expenses.
Who is eligible to participate?	Any employee whose employer offers a HCFSA and is defined as eligible under the terms of the plan.	Any employee enrolled in a qualified High Deductible Health Plan (HDHP) and meets all other eligibility requirements.	Usually requires participation in the Employer's major medical plan.
Qualified HDHP required?	No.	Yes.	No.
Who may contribute?	Employer or employee.	Employer or employee.	Employer only.
Contribution Limits?	Capped at $2,700 for 2019 (An Employer sets the maximum for their Plan, not to exceed this statutory maximum. Direct employer contributions to the HCFSA are not included in this maximum).	Capped at $3,500 (individual) and $7,000 (family) for 2019. Capped at $3,550 (individual) and $7,100 (family) for 2020.	Not subject to an Internal Revenue Code (IRC) limit. Limits typically set by the Employer.
Use for Non-Medical Expenses?	No.	Yes. Participant must pay tax plus a 20% penalty for non-medical expenses. At age 65, funds may be used for non-medical expenses without incurring the 20% penalty.	No.
Carryover of unused funds to new year?	An employer may allow participants to carry over up to $500 of unused contributions from one plan year to the next.	Yes.	An Employer may design its Plan to include a similar provision that allows all HRA funds or a specified amount of the remaining funds to roll over to a subsequent year.
Pairing accounts?	Can be paired with an HRA; Limited Purpose HCFSA can be paired with an HSA.	Can be paired with a Limited Purpose HCFSA or HRA.	Can be paired with an HCFSA; Limited Purpose HRA can be paired with an HSA.
Portable?	No.	Yes.	Employers may (but are not required to) allow spend down after termination from employment.
Is there a specific plan year?	Yes.	Yes, when included under a Section 125 Plan.	Yes.

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