



Finding the Right Solutions

COMPARING FSAS, HRAS, HRA VEBAS, AND HSAS

FACTOR	HEALTH SAVINGS ACCOUNT (HSA)	FLEXIBLE SPENDING ACCOUNT (FSA)	HEALTH REIMBURSEMENT ACCOUNT (HRA)	HRA VOLUNTARY EMPLOYEE BENEFITS ACCOUNT (VEBA)	LIMITED FSA/HRA
Account Owner	Employee	Employer	Employer	Employee; funds held in a Trust	
Funding of Account	Employee, employer, and/or 3rd party	Typically employee, but employers are permitted	Employer	Employer; can define a mandatory salary contribution	
Annual Rollover	Yes	IRS permits a limited rollover amount that employer can allow	Permitted, but must be designed by employer	Yes	See applicable FSA or HRA rules
Portability	Yes	No	Permitted, but must be designed by employer	No, but funds are available beyond termination	
Claims Adjudication Requirement	No	Yes	Yes	Yes	
Eligible Expenses	Defined by Section 213(d)	Defined by Section 213(d); employers can restrict further	Defined by Section 213(d); employers can restrict further	Defined by Section 213(d); employers can restrict further	Dental and vision expenses
Funds Can Earn Interest or be Invested	Yes	No	No	Yes	No
Permissible for Non-qualified Expenses	Yes, but normal tax + penalty applies	No	No	No	
Insurance Requirements	Covered by HSA-compatible health plan	Requirements defined by employer	Requirements defined by employer	Requirements defined by employer	
Limits to Contributions	Annual limits set by IRS	Annual limit set by IRS; employer can set lower limit	Limits set by employer	Limits set by employer	See applicable FSA or HRA rules
Limits on When Services are Eligible and Must be Reimbursed	Expenses eligible and can be withdrawn anytime after HSA is established	Services must occur during Plan Year (option for grace period) and be reimbursed no later than end of run-out period	Defined by employer	Defined by employer	
Changes to Elections	No limitations	Requires a qualifying event	Defined by employer	Defined by employer	
Compatibility with Other Plans	Compatible with Limited FSA or HRA	Not compatible with HSA	Not compatible with HSA	Compatible with FSA	Compatible with HSA

WHICH SOLUTION SHOULD I CHOOSE?

BENEFITS PROBLEM	RECOMMENDATION
Increasing Premiums	An HSA with an HSA-compatible health plan typically has more affordable premiums, while the HSA provides an ideal tax benefit. An HRA with a higher deductible health plan can also provide savings opportunities for employers while providing more flexibility in the design of the health benefits.
High Turnover	An HRA allows you to provide a benefit to your employees with minimal risk of lost funds if an employee leaves mid-year.
Large Employee Expenses Early in Year	An FSA allows employees to manage large medical expenditures with an upfront allocation that is paid throughout the year.
Benefit to Attract Employees	An HSA provides an additional long-term savings vehicle similar to a 401K where funds carryover, can be invested and can be taken with employees when they leave. An HRA VEBA empowers employees to manage their healthcare expenses through employer-funded dollars while an active employee and often even during retirement.
Unique Employee Benefits Needs	An HRA or HRA VEBA allows an employer increased flexibility to design a unique reimbursement structure and provides a long-term savings vehicle.
Varying Insurance Products	An FSA can allow employees to set aside tax-free dollars regardless of the insurance offered. An HSA with a Limited Medical FSA allows employees with an HSA-compatible health plan to take advantage of an HSA's benefits while providing incremental savings towards dental and vision expenses.