



## Healthcare Savings Vehicles at a Glance

	<b>HSA</b>	<b>HRA</b>	<b>FSA</b>
Full name	<b>Health Savings Account</b>	<b>Health Reimbursement Arrangement</b>	<b>Flexible Spending Account</b>
Overview	Portable, personal trust account for medical expenses; offers great availability and flexibility; nicknamed “healthcare IRA”	Employer bookkeeping account for medical expenses; allows carryover and accumulation, but very limited portability	Employer bookkeeping account for unreimbursed medical expenses funded by employee pre-tax contributions; no carry-over, accumulation, or portability
Primary advantages	<ul style="list-style-type: none"> <li>• Widely available</li> <li>• Portable (follows employee)</li> <li>• Excellent for long-term savings; unused funds roll over and bear interest</li> <li>• Flexibility regarding contributions/funding</li> <li>• Flexibility regarding use of funds</li> <li>• No claims substantiation required to access funds</li> </ul>	<ul style="list-style-type: none"> <li>• Unrestricted health plan options</li> <li>• Greatest control for employers</li> <li>• Does not require prefunding by employer</li> </ul>	<ul style="list-style-type: none"> <li>• Well known in marketplace</li> <li>• Allows access to full year’s allocation at start of plan year</li> </ul>
Primary disadvantages	<ul style="list-style-type: none"> <li>• Requires qualifying high-deductible health plan</li> <li>• Can’t contribute to HSA account if secondary health insurance coverage exists</li> <li>• Can’t contribute funds after age 65</li> </ul>	<ul style="list-style-type: none"> <li>• Employee contributions not allowed</li> <li>• Not available to individuals or owners/partners of groups</li> <li>• Requires claims substantiation to access funds</li> </ul>	<ul style="list-style-type: none"> <li>• Annual “use it or lose it”; no carry-over of unused funds</li> <li>• Not available to individuals or owners/partners of groups</li> <li>• Requires claims substantiation to access funds</li> </ul>
Who can purchase?	Individuals; any size group	Any size group, excluding partners and shareholders	Any size group, excluding partners and shareholders
Who administers?	Trustee, typically bank; PacificSource uses HSA Bank	Employer, typically via TPA; available through Manley Services	Employer, typically via TPA; available through Manley Services
Who contributes funds?	Individuals, employers, employees, or any combination	Employer only	Employee (typically); can also be funded by employer
Maximum annual contribution	\$2,900 for singles/\$5,800 for families (indexed annually); catch-up contributions allowed for age 55+	Maximum annual reimbursement determined by employer	None, unless set by employer
Who owns funds?	Individual or employee	Employer	Employer
Are funds portable?	Yes	No	No
Can unused funds roll over year to year?	Yes	Yes, at employer’s discretion	No

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Tax advantage to employer?	Yes – contributions not subject to payroll taxes	Yes - reimbursements are tax deductible	Yes – contributions not subject to payroll taxes
Tax advantage to employee?	Yes – contributions pre-tax through cafeteria plan, or tax deductible above the line	Yes - reimbursements are tax exempt	Yes – contributions and reimbursements are tax exempt
Subject to ERISA?	No	Yes	Yes
Reimbursable expenses	<ul style="list-style-type: none"> <li>Any IRS Section 213-allowable medical expense that's not otherwise compensated</li> <li>Premium for COBRA, long-term care, health insurance while unemployed, Medicare parts A&amp;B, Medicare HMO, and employer-sponsored retiree health insurance plans</li> </ul>	Determined by employer; can include any IRS Section 213-allowable medical expense and medical insurance premium	Any IRS Section 213-allowable medical expense except health and long term care insurance premiums
Can funds be used for non-qualified medical expenses?	Yes – but if under age 65, taxable and subject to 10% penalty	No	No
Is claim substantiation required?	No; account holder is responsible for substantiating account distributions if audited by IRS	Yes; typically done by TPA	Yes; typically done by TPA
Can debit/stored value cards be used?	Yes; PacificSource/HSA Bank accounts include debit card	Yes; Manley Services offers optional Benny™ MasterCard®	Yes; Manley Services offers optional Benny™ MasterCard®
Health plan requirements	Qualifying high-deductible health plan; see below	No plan restrictions or requirements	No plan restrictions or requirements

## What makes a health plan HSA-eligible?

There are special rules as to what qualifies as a high deductible health plan (HDHP) for HSA purposes.

- The minimum allowable deductible is \$1,100 for self-only coverage and \$2,200 for family coverage. These amounts are indexed for inflation.
- The out-of-pocket limit may not exceed \$5,600 for self-only coverage or \$11,200 for family coverage, including deductibles, for in-network benefits. These amounts are indexed for inflation. There is no restriction on out-of-network benefits.
- The deductible can only be waived (but doesn't have to be) for preventive care. No other first-dollar coverage may be included in the plan coverage.