



## HSAs, HRAs or FSAs — Which Consumer-Driven Health Care Option Should You Choose?

	<b>HSA</b>	<b>FSA</b>	<b>HRA</b>
<b>Eligibility</b>	Individual must be below Medicare eligibility age and not covered by any other health plan which duplicates any benefits in the qualified high-deductible plan.	Individual must work for an employer who offers one.	Individual must work for an employer who offers one.
<b>Who “owns” it?</b>	Individual/employee.	Individual/employee.	Employer.
<b>Who funds it?</b>	Typically individual and/or employer. Both may make contributions in the same year.	Typically funded by employee.	Employer only (self-employed precluded).
<b>How is it funded?</b>	Money is deposited directly into the account.	A set amount of pretax wages designated by the employee is deposited directly into an account.	Employer reimburses employee when presented with a valid receipt.
<b>Is it a personal account?</b>	Yes.	Yes.	It is an “Arrangement,” not an “Account.”
<b>What type of corresponding health plan is allowed?</b>	Minimum \$1,000 for individual and \$2,000 for family coverage. No maximum deductible. Total costs to the insured cannot exceed \$5,100 for an individual and \$10,200 for a family, including both the deductible and copays. Thus, a plan that pays 100% of all costs above the deductible could have a deductible as high as \$5,100 for an individual or \$10,200 for a family.	Any type of health plan arrangement.	Any type of health plan arrangement.
<b>Does interest accrue?</b>	Interest can be accrued tax free in qualified HSAs.	Interest not accrued.	Interest not accrued or addressed in IRS regulations.
<b>Is it portable?</b>	Rollover is allowed — individual owns HSA, takes it when leaving employment.	Unused funds must be spent by year’s end (or by termination of employment before year’s end), otherwise individual loses money.	HRAs cannot be rolled over to a new employer. An employer is under no obligation to continue the arrangement after employee departure, however an employer may chose to continue reimbursing a former employee’s expenses from the HRA.
<b>Can funds be used for non-medical expenses?</b>	Funds used for non-medical expenses are taxed as income and incur a 10% penalty. After age of Medicare eligibility there is no penalty.	No, health portion of FSA only used for expenses defined under §213(d) of IRC.	No, only expenses defined under §213(d) of IRC.
<b>What is the tax treatment?</b>	Qualified HSAs are tax free as long as funds are spent on medical care defined under §213(d).	Contributions to FSA are tax free and so reduce annual taxable income.	Reimbursements to employee are tax free as long as they are used on qualified health care purchases.
<b>Is there a “catch up” contribution provision for older workers?</b>	Individuals age 55 or older may contribute more to the account per year. Starting in 2000, an additional \$500 contribution is allowed, increasing \$100 per year up to \$1,000 per year in 2009 and thereafter. So, for tax year 2005, an additional \$600 per person is allowed. Married couples may both contribute a catch up contribution to the HSA.	Not available.	Not available.
<b>Are there other income eligibility requirements?</b>	No.	No.	No.
<b>How are unused FSA balances treated with other benefit?</b>	There is no provision to allow the FSA to roll over into the HSA. However, contributions to the HSA may be made through §125 Cafeteria Plans.	Money is forfeited back to employer at year’s end if there are any remaining FSA funds.	N/A