



Comparison Chart for HSAs, FSAs & HRAs

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There are three account-based options for health care coverage – Health Savings Accounts (HSAs), Flexible Spending Accounts (FSAs), and Health Reimbursement Arrangements (HRAs). Though they may sound similar, having a three-letter acronym that ends with an “A” is nearly the only characteristic that is shared between the three options. This is why we have created this Comparison Chart, to clearly delineate the significant differences among these healthcare accounts. NOTE: This chart addresses general-purpose and limited-purpose HRAs, but not individual coverage HRAs (ICHRAs), qualified small employer HRAs (QSEHRAs), or excepted benefit HRAs.

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	HSA	FSA	HRA
ELIGIBILITY	• Must be enrolled in a qualified high-deductible health plan (HDHP). • Cannot be enrolled in disqualifying coverage, e.g., general-purpose FSA or HRA (unless post-deductible). • Cannot be anyone's tax dependent.	• Must be a common-law employee or former employee. • Must meet plan eligibility requirements. • Eligibility is not precluded because of enrollment in other coverage. • All employees eligible for a general-purpose FSA must also be eligible for non-excepted group health plan coverage (major medical). Mere eligibility, not enrollment, is required.	• Must be a common-law employee or former employee. • Must meet plan eligibility requirements. • Eligibility is not precluded because of enrollment in other coverage. • If HRA is not limited to reimbursement of vision or dental, must be integrated with a group health plan (i.e., all individuals eligible for HRA reimbursement, including spouses and dependents, must also be enrolled in major medical).
CONTRIBUTION SOURCE	• Employer and/or employee.	• Employer and/or employee.	• Employer only.
CONTRIBUTION MAXIMUM	• Set annually by regulations, applies on a calendar-year basis. • 2026 limits for accountholders with: single coverage - \$4,400; family coverage - \$8,750. • Must be pro-rated based on how many months out of the year accountholder is HSA-eligible. • If 55 or older, additional catch-up contribution of \$1,000 annually. • Both employee and employer contributions count against limit.	• Employee contribution limit set annually by regulations applies on a plan year basis. • 2026 employee contribution limit: \$3,400. Employer contributions do not count against the limit unless employees can receive amounts as cash or other taxable benefit. • Employer contributions limited to a match of employee contributions or \$500, whichever is greater.	• Determined by employer; no regulatory maximum is set.
AVAILABILITY OF FUNDS	• Funds are available to use once actually contributed, not before. • Employer generally cannot remove funds once contributed.	• Subject to uniform coverage rule, therefore entire election amount must be available upon first day of plan year (before the entire election is actually contributed).	• Funds are available as determined by the employer. • Employer can make the full amount available annually, or on a pro-rata basis (e.g., monthly or quarterly).

	HSA	FSA	HRA
PLAN DESIGN AND WITHDRAWAL RULES	- Employee-owned account. - May reimburse any §213(d) medical expenses incurred after the HSA is established. - May not reimburse premiums except for: COBRA or USERRA coverage; qualified long-term care coverage; health coverage maintained while receiving unemployment benefits; or health coverage other than a Medicare supplemental policy if accountholder is 65 or older. - Employer cannot limit eligible expenses.	- May reimburse any §213(d) medical expenses incurred while participating in the FSA. - May not reimburse premiums. - Employer can limit eligible expenses further by plan design.	- May reimburse any §213(d) medical expenses incurred while participating in the HRA. - Employer can limit eligible expenses further by plan design.
INDIVIDUALS WITH ELIGIBLE EXPENSES	- HSA account holder, spouse, and tax dependents (as defined by §152). - Individuals do not have to be HSA-eligible to have eligible expenses.	- Employee, spouse, employee's child who has not attained age 27, and tax dependents. - Subject to plan eligibility requirements set by the employer.	- Employee, spouse, employee's child who has not attained age 27, and tax dependents. - Subject to plan eligibility requirements set by the employer. - Unless HRA is limited-purpose, individuals must be enrolled in the integrated coverage in order to have eligible expenses.
CARRYOVER / ROLLOVER	- Account is employee-owned, therefore it remains with the employee beyond employment. - No forfeiture from year to year.	- Subject to the use-or-lose rule; unused funds are forfeited at the end of the coverage period. - Carryover of up to \$660 from 2025 plan year to the 2026 plan year permitted. Carryover of up to \$680 from 2026 plan year to the 2027 plan year permitted. - Grace period of up to 2.5 months permitted. - Carryover OR grace period is permitted by plan design – not both.	- Employer may allow carryover to subsequent plan year or spenddown by plan design. - No cash-out or transfer to other employer or HRA permitted.

	HSA	FSA	HRA
COBRA	- Must be offered for the underlying HDHP, but not for the HSA. - Employer does not have to continue making contributions to employee's HSA.	- Only required where the FSA is "underspent" (i.e., FSA benefit available is greater than COBRA premium for remainder of the year). - If required at all, only required to the end of the current plan year.	- Must be offered. - If COBRA is elected, must have access to unspent HRA balance as well as any monthly or annual accruals that active employees get. - COBRA premium should be blended (the same for all qualified beneficiaries regardless of account balance).
MID-YEAR CHANGES	Must be permitted on at least a monthly basis if contributions are made through §125 cafeteria plan.	Subject to §125 rules regarding permitted mid-year pre-tax election changes.	Determined by employer.
NON-DISCRIMINATION	- If contributions are not made through a §125 cafeteria plan, HSA contributions are subject to comparability requirements, which require a uniform employer contribution by tier of coverage. - If contributions are made through §125 cafeteria plan, there is more flexibility to differentiate employer HSA contributions, but HSA contributions are included in overall §125 nondiscrimination testing.	Subject to both §105(h) (self-insured health plan) and §125 nondiscrimination rules.	Subject to §105(h) (self-insured health plan) nondiscrimination rules.