



Health Account Options

Comparing HSAs, HRAs, and FSAs

	Health Savings Account (HSA) (Member Owned)	Health Reimbursement Arrangement (HRA) (Employer Owned)	Flexible Spending Account (FSA) (Employer Owned)
Who "owns" account?	Individual (Member)	Employer	Employer
Account Overview	Member-owned bank account that allows members to pay for IRS-qualified, out-of-pocket medical expenses.	Employer-funded, tax-advantaged arrangement which reimburses employees for IRS-qualified, out-of-pocket medical expenses.	Tax-advantaged account established through an employer to pay for IRS-qualified, out-of-pocket medical expenses.
Who can contribute to account?	Member, Employer, Third Party (i.e., spouse, parent, etc.)	Employer only	Employee, Employer
How are funds accessed?	Distributions for IRS-qualified medical expenses are not taxable.* • Debit Card** • Request for distribution (paper) • Online bill-pay	Limited to IRS-qualified medical expenses per plan design. • Debit Card** • "Claim" - Request for reimbursement or bill-pay	Limited to IRS-qualified medical expenses per plan design. • Debit Card** • "Claim" - Request for reimbursement or bill-pay
Substantiation of expenses	Member (not required for payment*)	Third Party (required for payment unless auto-substantiated)	Third Party (required for payment unless auto-substantiated)
Must have health plan?	Yes, qualified High Deductible Health Plan (HDHP) whether through employer or not.	Yes, an HRA must be integrated unless limited to specific purpose benefits such as vision and dental.	Yes, other group health plan coverage, not limited to excepted benefits, must be made available, but enrollment not required.
Other health plan allowed?	Only certain permissible coverage such as dental or limited purpose plan(s)***.	Yes	Yes
Tax benefits?	Deposits, earnings, and distributions for IRS-qualified medical expenses are tax free.	Employer contributions and claim reimbursements are tax free.	Contributions and claim reimbursements are tax free.
Can unused dollars rollover?	Yes. Funds always belong to the member.	If allowed per employer plan rules.	If allowed per employer plan with either grace period or rollover up to \$500.
Access to funds after termination?	Yes. When a member terminates or retires, they continue to maintain ownership of their HSA.	When an employee terminates, they do not typically retain access to an HRA unless they elect COBRA continuation coverage.	When an employee terminates, they do not remain eligible for an FSA, though limited COBRA rights may be available.
Can account be used for retirement income?	Yes. After age 65, funds can be withdrawn for any reason without penalty, but will be taxed as income if not used for IRS-qualified medical expenses.	No	No

*HSA distributions for purposes other than qualified medical expenses defined in IRC § 213(d) may be subject to income and penalty taxes.

**HSA debit card restricted to IRC § 213(d).

***Dental, vision, accident, disability, long-term care, workers' compensation, specified disease or illness, fixed dollar hospitalization, and certain deductible plans.

For assistance, please contact the Client Assistance Center:



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