Which accounts are right for you...

Healthcare reimbursement accounts are not all created equal. To help you understand the differences between HRAs, FSAs, HSAs and LP FSAs, take a look at the comparison chart we have provided. Please contact one of our csONE Benefit Solutions Representatives to discuss how one or more of these plans might fit with your Health Plan offerings.

This Plan Comparison Chart is a summary of differences between plan types. It does not intend to describe all of the rules and limitations that apply to these arrangements. It is not legal or tax advice. See IRS Publication 969, Health Savings Accounts and Other Tax-Favored Health Plans, for more information on HSAs, HRAs and FSAs.

	HRA Health Reimbursement Arrangement	**FSA** Flexible Spending Account	**HSA** Health Savings Account	**LP FSA** Limited Purpose Flexible Spending Account
Definition	An HRA is an employer-funded plan that may be used to reimburse employees for qualified medical expenses.	An FSA is an employer-established, tax-advantaged account funded by the employee and/or the employer to pay for qualified medical expenses with pre-tax dollars.	An HSA is a tax-advantaged savings account that is used in combination with a high deductible health plan (HDHP). Consumers use the HSA funds to cover qualified medical expenses.	An LP FSA is an employer-established, tax-advantaged account funded by the employee and/or the employer to pay for qualified **vision and dental** expenses only with pre-tax dollars.
Who "owns" account	Employer	Employer	Individual\Employee	Employer
Who can contribute	Employer only	Employee and Employer Employer can match Employee election up to plan maximum or $500.	Employee and Employer	Employee and Employer Employer can match Employee election up to plan maximum.
Funds held	By Employer	By Employer	Qualified Financial Institution	By Employer
Pre-tax payroll deductions allowed	No, employee does not contribute.	Yes	Yes	Yes
What is the tax treatment for employee contributions	Employees are not permitted to contribute to an HRA.	Employee contributions to an FSA are made on a pre-tax basis, and therefore reduce annual taxable income.	Employee contributions may be made through a cafeteria plan and are tax free. If made outside of a cafeteria plan, they are treated as an "above the line" deduction.	Employee contributions to an LP FSA are made on a pre-tax basis, and therefore reduce annual taxable income.
Maximum contribution limit	No[1]	Yes[2]	Yes[3]	Yes[2]
Entire election available at start of plan year	Depends on plan design.	Health FSA – Yes Dependent Care FSA – No	No. Only Account Balance is available	Yes
Distribution or Reimbursement Process	Debit Card[4] Claim Request Online/Mobile/Paper File feed & Claims Link	Debit Card[4] Claim Request Online/Mobile/Paper Claims Link	Debit Card[4] Claim Request Online/Mobile/Paper Claims Link	Debit Card[4] Claim Request Online/Mobile/Paper Claims Link
Claims Substantiation	Required	Required	Not required for payment[5]	Required
Must have Health Plan	Employees must be enrolled in employer-sponsored group coverage unless the HRA is limited to vision or dental expenses.[6] Small Group	FSA is not tied to Health Plan, but employer must offer qualified health coverage.	An HSA can only be paired with a Qualified High Deductible Health Plan (HDHP) whether through employer or not. Can be paired with LP FSA and/or HRA[7].	Employer must offer qualified health coverage. LP FSA is usually paired with an HSA.

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csONE™ BENEFIT SOLUTIONS

Which accounts are right for you...

	HRA	FSA	HSA	LP FSA
Tax Benefit	Employer deposits and claim payments are tax free.	Employer/Payroll deposits and claim payments are tax free.	Contributions are tax free, interest and investment gains are tax free and withdrawals are tax free when used for qualified medical expenses.	Employer/Payroll deposits and claim payments are tax free.
Access to funds after termination	Employee must be offered COBRA if the group is subject to COBRA Regulations.	Employees must be offered COBRA (usually until the end of the year) if subject to COBRA regulations.	The HSA belongs to the employee and is portable. HSA account is not tied to employment status.	Employees must be offered COBRA (usually until the end of the year) if subject to COBRA regulations.
Employees carry over unused amounts	Employer discretion	**Rollover Option:** Up to $500 of Health FSA contributions can carry over to the following plan year (does not apply to Dependent Care FSA). OR **Grace Period Option**: Period for employees to incur additional expenses or have services rendered which can be applied to prior plan year.[8]	Yes. The individual owns the account and any contributions made to it regardless of the source or timing of the contribution.	**Rollover Option:** Up to $500 of FSA contributions can carry over to the following plan year OR **Grace Period Option:** Period for employees to incur additional expenses or have services rendered which can be applied to prior plan year.[8]
What expenses qualify for distribution	Employers configure the account to reimburse all or a subset of any otherwise unreimbursed expenses that are qualified under §213(d) of IRC.	Any otherwise unreimbursed medical expenses that are defined under §213(d) of IRC.	Medical expenses under § 213 (d) of the IRC. HSAs may not be used to pay insurance premiums except for (1) COBRA, (2) qualified long-term care insurance (3) health care coverage while the individual is receiving unemployment compensation; and (4) premiums for Medicare Part A or B, Medicare HMO, and (5) after age 65, the employee's share of employer-sponsored retiree health care.	Any otherwise unreimbursed dental and/ or vision expenses that are defined under §213(d) of IRC.
Examples of expenses that do not qualify	Insurance premiums and long-term care services are not reimbursable. Cosmetic procedures are not eligible.	Insurance premiums and long-term care services are not reimbursable. Cosmetic procedures are not eligible.	Cosmetic procedures are not eligible.	Insurance premiums and long-term care services are not reimbursable. Cosmetic procedures are not eligible.
What is the tax treatment of employer contributions	In all cases, employer contributions may qualify as a deductible business expense and are exempt from FICA and other employment taxes.			

1. IRS does not impose HRA limits, limits set by employer.
2. Employee contributions for an FSA cannot exceed the IRS benefit plan contribution limits. Employer contributions are not subject to limits, but may not discriminate in favor of highly compensated individuals. If employer contributions exceed $500, additional compliance obligations apply.
3. IRS has annual HSA contribution limits for individuals with self-only Qualified HDHP coverage and for individuals with family Qualified HDHP coverage. There is an annual catch-up contribution for those 55 and over.
4. HSA, HRA and FSA debit cards are automatically restricted for use with medical service providers and for items purchased at retail that are identified as qualified medical expenses based on electronic inventory control codes.
5. HSA distributions subject to IRS audit to prove they do not exceed out-of-pocket qualified medical expenses since HSA opened.
6. PHS Act sec 2711, per DOL FAQ re: PPACA Part XI Q1, Q3 http://www.dol.gov/ebsa/faqs/faq-aca11.html HRA Enrollees must be enrolled in group health plan.
7. In order for an HSA to be paired with an HRA, the HDHP must meet statutory requirements for deductibles and out-of-pocket expenses .
8. Employers may elect to have (i) a "grace" period for employees to use leftover funds from a previous plan year to pay for expenses incurred in the period up to 2 months and 15 days into the new plan year; or (ii) a carryover of up to $500 to the new plan year for payment of medical expenses during the entire year in which it is carried over.