

**Comparison of Characteristics of Various Health Plan Accounts**

	<b>Flexible Spending Account (FSA)</b>	<b>Health Reimbursement Account (HRA)</b>	<b>Qualified Small Employer Health Reimbursement Account (QSEHRA)</b>	<b>Individual Coverage Health Reimbursement Account (ICHRA)</b>	<b>Excepted Benefit Health Reimbursement Account (EBHRA)</b>	<b>Health Savings Account (HSA)</b>
<b>Overview</b>	Offered by an employer to give employees a tax-free way to save on medical and dependent care expenses not covered by the health plan	Employer-funded account that reimburses employees and/or retirees for out-of-pocket medical expenses. The employer can decide which services will be reimbursable under the HRA plan	Employer-funded account that reimburses employees and/or retirees for individual health coverage premiums and/or most eligible medical expense as defined in the Internal Revenue Code (IRC) Section 213(d)	Beginning in 2020, employer-funded account that reimburses employees and/or retirees for individual health coverage premiums and/or most unreimbursed eligible medical expenses as defined in the Internal Revenue Code (IRC) Section 213(d)	Beginning in 2020, employer-funded account that reimburses employees and/or retirees for unreimbursed eligible individual health coverage medical expenses (except premiums) as defined in the Internal Revenue Code (IRC) Section 213(d)	Tax-advantaged medical savings account available to taxpayers who are enrolled in a qualified high-deductible health plan (HDHP).
<b>Eligible Employers</b>	All, including sole proprietors, partnerships, LLCs, PCs, sub-S Corps, and sub-C Corps with any number of employees (see eligible employees below)  <u>and</u>  MUST sponsor a group medical plan (unless only offering health care FSA limited to dental and vision expenses)	All, including sole proprietors, partnerships, LLCs, PCs, sub-S Corps, and sub-C Corps with any number of employees (see eligible employees below)  <u>and</u>  MUST sponsor a group medical plan	All, including sole proprietors, partnerships, LLCs, PCs, sub-S Corps, and sub-C Corps  <u>and</u>  have fewer than 50 employees (full-time plus full-time equivalents [FTEs])  <u>and</u>  who do not sponsor any group health plan (see eligible employees below)	All, including sole proprietors, partnerships, LLCs, PCs, sub-S Corps, and sub-C Corps  <u>and</u>  who do not offer any group health plan to those eligible for an ICHRA (see eligible employees below)	All, including sole proprietors, partnerships, LLCs, PCs, sub-S Corps, and sub-C Corps with any number of employees (see eligible employees below)  <u>and</u>  who sponsor a group health plan to the same class of eligible employees	All, including sole proprietors, partnerships, LLCs, PCs, sub-S Corps, and sub-C Corps with any number of employees (see eligible employees below)
<b>Eligible Employees</b>	All based upon eligibility definition in plan document, <u>excluding</u> sole proprietors, partners in a partnership, 2% or greater shareholders in sub-S Corp, and LLCs taxed as a partnership or sub-S Corp	All based upon eligibility definition in plan document, <u>excluding</u> sole proprietors, partners in a partnership (including LLCs/LLPs), and 2% or greater shareholders in sub-S Corp (including LLCs taxed as a sub-S Corp)	All based upon eligibility definition in plan document, <u>excluding</u> sole proprietors, partners in a partnership (including LLCs/LLPs), and 2% or greater shareholders in sub-S Corp (including LLCs taxed as a sub-S Corp)	All based upon eligibility definition in plan document, <u>excluding</u> sole proprietors, partners in a partnership (including LLCs/LLPs), and 2% or greater shareholders in sub-S Corp (including LLCs taxed as a sub-S Corp)	All based upon eligibility definition in plan document, <u>excluding</u> sole proprietors, partners in a partnership (including LLCs/LLPs), and 2% or greater shareholders in sub-S Corp (including LLCs taxed as a sub-S Corp)	All based upon eligibility definition in plan document, <u>excluding</u> sole proprietors, partners in a partnership (including LLCs/LLPs), and 2% or greater shareholders in sub-S Corp (including LLCs taxed as a sub-S Corp) if employer contributions or pre-tax employee contributions
<b>Plan Document Required?</b>	Yes	Yes	Yes	Yes	Yes	If offered by the employer on a pre-tax contribution basis or if including employer contributions, yes
<b>Contributions</b>	Both the employee and the employer can contribute to this account	Only the employer can contribute to this account	Only the employer can contribute to this account	Only the employer can contribute to this account	Only the employer can contribute to this account	Both the employee and/or the employer can contribute to this account
<b>Contribution Limits</b>	2025: \$3,300 max for Health FSA (indexed annually for inflation)  \$5,000 max for Dependent Care FSA (\$2,500 max if single or married filing separately) ( <u>not</u> indexed for inflation)	No statutory limit - plan document defines the limit	2025: \$6,350 max for single coverage \$12,800 max for coverage of 2+ individuals (indexed annually for inflation)	No statutory limit - plan document defines the limit	2025: \$2,150 max (indexed annually for inflation) regardless of coverage level	2025: 4,300 max for single \$8,550 max for 2+ individuals \$1,000 age 55+ catch-up contribution (indexed annually for inflation)
<b>Tax Benefits to Employee</b>	Contributions are made pre-tax through payroll deductions	Contributions and reimbursements are income tax-free for federal and almost all state taxes	Contributions and reimbursements are income tax-free for federal and almost all state taxes	Contributions and reimbursements are income tax-free for federal and almost all state taxes	Contributions and reimbursements are income tax-free for federal and almost all state taxes	Contributions are tax deductible, or pretax if made through a cafeteria plan. The interest and capital gains on investments are tax-free as well when withdrawn for qualified medical expenses
<b>Tax Benefits to Employer</b>	No FICA or Medicare taxes on contributions	No FICA or Medicare taxes on contributions	No FICA or Medicare taxes on contributions	No FICA or Medicare taxes on contributions	No FICA or Medicare taxes on contributions	No FICA or Medicare taxes on contributions if made through a cafeteria plan
<b>Investment Earning</b>	These funds are not invested and do not have earnings	These funds are typically not invested and do not have earnings	These funds are not invested and do not have earnings	These funds are not invested and do not have earnings	These funds are not invested and do not have earnings	Funds may be invested (sometimes with minimums) and thus may increase or decrease in value

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<b>Funds Availability</b>	Health Care FSA: Total amount of annual election is available on the first day of coverage  Dependent Care FSA: Plan may require that reimbursements do not exceed contributions-to-date	The employer decides the schedule for funds availability	The employer decides the schedule for funds availability	The employer decides the schedule for funds availability	The employer decides the schedule for funds availability	As employer and/or employee deposits are made into the account
<b>Carryover</b>	Amounts must be incurred by the end of the plan year and do not usually carryover unless an employer allows up to \$660 (2025) to carryover into the next year. Amounts that roll do not affect the maximum election that can be made for the plan year.	The employer decides if any unused funds rollover from year to year.	The employer decides if any unused funds rollover from year to year.	The employer decides if any unused funds rollover from year to year.	The employer decides if any unused funds rollover from year to year.	No limit on carryover amounts. All funds belong to the employee at all times
<b>Portability</b>	Cannot be rolled over to a new employer	Cannot be rolled over to a new employer	Cannot be rolled over to a new employer	Cannot be rolled over to a new employer	Cannot be rolled over to a new employer	Owned by the employee and fully portable
<b>Eligible Expenses</b>	Funds can be used to pay for any out-of-pocket and unreimbursed qualified medical expenses under Section 213(d) of the Internal Revenue Code (other than for insurance premiums), or as limited by the plan document	The employer determines which expenses are eligible for reimbursement, from all to a subset of eligible unreimbursed medical expenses under Section 213(d) of the Internal Revenue Code	The employer determines which expenses are eligible for reimbursement from this list:  1. Premiums for individual major medical insurance (including Medicare and TriCare); and/or 2. Any or a subset of eligible unreimbursed medical expenses under Section 213(d) of the Internal Revenue Code	The employer determines which expenses are eligible for reimbursement from this list:  1. Premiums for individual major medical insurance (including Medicare and TriCare); and/or 2. Any or a subset of eligible unreimbursed medical expenses under Section 213(d) of the Internal Revenue Code	The employer determines which expenses are eligible for reimbursement, from all to a subset of eligible unreimbursed medical expenses under Section 213(d) of the Internal Revenue Code (other than for insurance premiums)	Funds can be used to pay for any out-of-pocket and unreimbursed medical expenses under Section 213(d) of the Internal Revenue Code on a tax-free basis. Any other withdrawals are taxable on both principal contributions and earning gains
<b>Substantiation</b>	Each request for reimbursement must be substantiated as an eligible expense before payment can be made	Each request for reimbursement must be substantiated as an eligible expense before payment can be made	Each request for reimbursement must be substantiated as an eligible expense before payment can be made	Each request for reimbursement must be substantiated as an eligible expense before payment can be made	Each request for reimbursement must be substantiated as an eligible expense before payment can be made	Employees must maintain receipts to show that funds were used to pay for qualified medical expenses and produced if audited by the IRS.
<b>Debit Cards</b>	Employees may receive a debit card, if offered by their employer, for convenient access to their account	Employees may receive a debit card, if offered by their employer, for convenient access to their account	Employees may receive a debit card, if offered by their employer, for convenient access to their account	Employees may receive a debit card, if offered by their employer, for convenient access to their account	Employees may receive a debit card, if offered by their employer, for convenient access to their account	Employees may receive a debit card, if offered by their employer, for convenient access to their account