

Comparison: Health Savings Account (HSA) vs Flexible Spending Account (FSA)

HSAs and FSAs help you pay for qualified health, dental and/or vision care expenses. This may include deductibles, copayments, coinsurance and prescription costs. Compare the account features to determine which may be best for you.

	Health Savings Account (HSA)	Health Care Flexible Spending Account (FSA)
Account Ownership	Employee / Individual	Employer (held in Employee's name)
Deposits Made By	Employer, Employee or Both	Employee
Separate Account	Required	None
Expenses Covered IRS Publication 502 (Medical and Dental Expenses)	Medical, dental, vision, prescription and some over-the-counter expenses. COBRA, retiree medical insurance premiums, LTC premiums or expenses.	Medical, dental, vision, prescription and some over-the-counter expenses.
Health Plan Design Requirements	Must be covered by qualified High Deductible Health Plan (HDHP) and not covered by any plan that covers medical expenses under the deductible	May be covered by HDHP (limited purpose FSA only) or Health Plan
Contribution Limits	2020: \$3,550 self-only; \$7,100 family; Catch-up: \$1,000	2020: Not yet announced. The limit is per person. Employers may elect a lower limit.
Rollover	Full rollover required from year to year	\$500 rollover allowed
Funds Availability	As deposits are credited	Full annual election available on first day of plan year (generally January 1st)
Tax Advantage	Triple tax advantage: contributions, distributions and investment earnings	Paycheck contributions are pre-tax
Claim Adjudication	Unnecessary; though participants should retain receipts in the event of IRS audit	Required
Compatibility with Other Accounts	May be paired with Dependent Day Care Account. If paired with an FSA, must be limited to amounts post-deductible for medical, dental and vision expenses	May be paired with Dependent Day Care Account. If paired with an HSA, must be limited to amounts post-deductible for medical, dental and vision expenses
Employer Contributions	Can be made on behalf of active employees. \$750 Employee / \$1,500 Family	None
COBRA	Does not apply	Applies
Debit Card Usage	Yes	Yes
Contributions for Medicare Participants	Contributions cannot be made once an individual has Medicare coverage	No limits on contributions
Usage for Ineligible Expenses	Allowed. Amounts included in income; subject to 20% penalty unless after account beneficiary's death, disability or attain age 65	Not allowed
Distributions for Expenses Incurred After Individual is No Longer Eligible	Allowed	Only if COBRA is elected and premium is paid