



Health Account Options

Comparing HSAs and FSAs

	Health Savings Account (HSA) Member Owned	Flexible Spending Account (FSA) Employer Owned
Who "owns" account?	Member	Employer
Account overview	Member-owned bank account that allows members to pay 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.)	Employee, Employer
How are funds accessed?	Distributions for IRS-qualified medical expenses are not taxable.* <ul style="list-style-type: none"> • Debit Card** • Request for distribution (paper) • Online bill-pay 	Limited to IRS-qualified medical expenses per plan design. <ul style="list-style-type: none"> • 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)
Must have health plan?	Yes, qualified High-Deductible Health Plan (HDHP) whether through employer or not.	Yes, other group health plan coverage, not limited to excepted benefits, must be made available to employees.
Other health plan allowed?	Only certain permissible coverage such as dental or limited purpose plan(s).***	Yes
Tax benefits?	Deposits, earnings, and distributions for IRS-qualified medical expenses 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 with either grace period or rollover up to the IRS limit.
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 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	Yes, after age 65, funds can be withdrawn for any reason without penalty, but will be taxed as income if not used for qualified medical expenses.	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.