

Tax-Advantaged Account Comparison Chart

	Health Savings Account	Health Reimbursement Arrangement	Medical Reimbursement Plan	Flexible Spending Account
Account type	Trust or Custodial account	<ul style="list-style-type: none"> - General assets of employer - Trust 	<ul style="list-style-type: none"> - General assets of employer - Trust 	<ul style="list-style-type: none"> - General assets of employer - Trust
Description	A tax-exempt trust or custodial account established for the purpose of paying qualified medical expenses of the account beneficiary who is covered under a qualified high-deductible health plan (HDHP).	An arrangement in which employer funds are used to reimburse employees for eligible medical expenses.	An arrangement in which employer funds are used to reimburse employees for eligible medical expenses.	An arrangement in which employer and/or employee funds are used to reimburse employees for eligible medical expenses.
Must be paired with a health plan	Yes. A qualified HDHP must be in force before an HSA can be established.	No	No	No
Who is eligible?	Individuals who meet all of the following requirements: (1) Covered under an HDHP on the first day of the month (2) Not covered by any other health plan that is not an HDHP (3) Not entitled to benefits under Medicare (4) Not claimed as a dependent on another person's tax return (5) There is no restriction on group size.	(1) Current and former employees, their spouses and tax dependents (2) Owners and officers of a C Corporation (3) A surviving spouse and dependents of a deceased employee may also be eligible (4) There is no restriction on group size.	(1) Current and former employees, their spouses and tax dependents (2) Owners and officers of a C Corporation (3) A surviving spouse and dependents of a deceased employee may also be eligible (4) There is no restriction on group size.	(1) Current and former employees, their spouses and tax dependents (2) Owners and officers of a C Corporation (3) A surviving spouse and dependents of a deceased employee may also be eligible (4) There is no restriction on group size.
Ownership	Employee / Consumer	Employer	Employer	Employer
Portable	Yes	No. It is the employer's choice to continue reimbursing former employees.	No. It is the employer's choice to continue reimbursing former employees.	No
Funding/contribution	Employee / Consumer and/or Employer	Employer	Employer and/or employee	Employer and/or employee
Do funds roll over?	Yes	It is the employer's choice upon establishing an HRA to allow rollover and/or to cap the amount that may rollover from year to year.	No	No
Annual contribution limits*	Individual 2009: \$3,000 2010: \$3,050 Family 2009: \$5,950 2010: \$6,150	Determined by employer and are subject to non-discrimination rules	Determined by employer and are subject to non-discrimination rules	Determined by employer and are subject to non-discrimination rules
Annual out-of-pocket limits*	Individual 2009: \$5,800 2010: \$5,950 Family 2009: \$11,600 2010: \$11,900	N/A	Determined by employer and are subject to non-discrimination rules	N/A
Eligible medical expenses	Qualified medical expenses are defined in Section 213(d) of the Internal Revenue Code.	Qualified medical expenses are defined in Section 213(d) of the Internal Revenue Code. Employer can determine which expenses are qualified under their specific plan.	Qualified medical expenses are defined in Section 213(d) of the Internal Revenue Code. Employer can determine which expenses are qualified under their specific plan.	Qualified medical expenses are defined in Section 213(d) of the Internal Revenue Code. Employer can determine which expenses are qualified under their specific plan.
Non-eligible medical expenses	10% (20% beginning January 1, 2011) tax penalty and income tax prior to Medicare entitlement, funds can be withdrawn for non-medical expenses without tax penalty.	Funds cannot be used for non-medical expenses.	Funds cannot be used for non-medical expenses.	Funds cannot be used for non-medical expenses.

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Tax advantages	Employee/Consumer: (1) Pre-tax or tax-deductible contributions (2) Tax-deferred growth (3) Tax-free distributions on qualified medical expenses. Employer: Contributions are tax-deductible	Employee: All reimbursements are tax-free. Employer: Reimbursements are tax-deductible.	Employee: All reimbursements are tax-free. Employer: Reimbursements are tax-deductible.	Employee: All reimbursements are tax-free. Employer: Reimbursements/ expenditures are tax-deductible.
Effective date	1/1/2004	6/26/2002	First passed in 1956	3/7/1989
Subject to COBRA	No	Yes	Yes	Yes