



# HSA? HRA? But What Does That Mean?

A common practice used to reduce rising healthcare costs is often referred to as Consumer Driven Health Care (CDHC). This trend includes pairing low cost High Deductible Health Plans with Health Savings Accounts (HSA) or Health Reimbursement Arrangements (HRA) to offset the out-of-pocket costs to the employee.

We have outlined the key differences of these two options below.



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	<b>HSA</b> Health Savings Account	<b>HRA</b> Health Reimbursement Arrangement
<b>What Is it?</b>	An HSA is an employee owned bank account set aside to offset the costs of a High Deductible Health Plan.	An HRA is essentially a promise made by an employer to pay a certain amount of the out-of-pocket medical costs associated with a health plan.
<b>Who Can Contribute To The Account?</b>	Employer, Employee, Third Parties.	Employer.
<b>How Are The Funds Deposited Into The Account?</b>	Funds can be deposited into the account through a pre-tax payroll deduction or at anytime directly from an individual or employer.	Funds are deposited by the employer.
<b>Is A High Deductible Plan Required To Enroll?</b>	Yes, for 2019 the Federal Government currently requires a deductible of at least \$1,350 for single coverage and \$2,700 for family coverage and out-of-pocket expenses not to exceed \$6,750/single and \$13,500/family.	No, an HRA can be combined with any health plan, even your existing one.
<b>When An Employee Leaves A Company, Who Keeps the Funds Previously Deposited Into The Account?</b>	The employee. As long as the money is used only for healthcare expenses, it remains tax-free.	The employer generally keeps all money deposited into the account. Funds are still available only if the employee elects COBRA coverage.
<b>Do Funds Deposited Into the Account Roll Over Into The Next Year If Not Used?</b>	Yes, all funds deposited into the account remain the property of the employee until used for healthcare related expenses.	This depends on the employer's decision upon opening the account. Most employers do not roll over unused funds.
<b>How Can The Account Save Tax Dollars?</b>	Funds are deposited on a pre-tax basis, earn interest tax-free, and can be withdrawn tax-free as long as they are used for healthcare related expenses. Deposits made by the employer are fully tax deductible.	Claims paid through the HRA are fully tax deductible to the employer.
<b>Can Owners Participate?</b>	Yes, in certain instances.	No
<b>Works Best With?</b>	Groups where the employees have high payroll deductions.	Groups where the employer pays the majority of the premium.
<b>Is There A Maximum Contribution Amount?</b>	For 2019, \$3,500/single, \$7,000/family, and \$1,000 catch up contributions for persons over 55.	No

**Contact us with any questions.  
We are here to help.**

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