

Understanding the Key Differences Between Health Reimbursement Arrangements and Health Savings Accounts

HRA (Health Reimbursement Arrangement): Employer-funded reimbursement account for eligible medical expenses.

- HRA: Commonly used by employers to help cover deductibles, copays, or retiree medical expenses.

HSA (Health Savings Account): Employee-owned, tax-advantaged savings account for those enrolled in a High-Deductible Health Plan (HDHP).

- HSA: Best for employees enrolled in high-deductible plans who want to save for future healthcare expenses.

Feature	HRA (Health Reimbursement Arrangement)	HSA (Health Savings Account)
Ownership	Employer-owned	Employee-owned
Funding Source	Employer-funded only	Employee, employer, or both may contribute
Portability	Not portable – unused funds remain with the employer	Fully portable – unused funds remain with the employee
Eligibility	Must be enrolled in SISC Blue Shield PPO 80M or SISC Kaiser HMO \$10	Must be enrolled in SISC Blue Shield HSA \$5,000 Note: If you are covered under a spouse's non-HSA health plan, you are not eligible for an HSA.
Employer Contributions	\$200 per month up to \$2,400 annually	\$350 per month up to \$4,200 annually
Tax Treatment	Employer contributions are tax-free	Triple tax advantage: pre-tax, tax-free growth, tax-free withdrawals
Use of Funds	For IRS-approved qualified medical expenses	For IRS-approved qualified medical expenses
Investment Options	No investment options	Funds can be invested for long-term growth once a minimum balance is reached
Rollover	May allow rollover funds each year as long as you remain enrolled in the Blue Shield PPO 80M or SISC Kaiser HMO \$10	Automatically rolls over from year-to-year
Coordination	Can be paired with certain plans or FSAs	Can only be paired with a limited-purpose FSA (dental/vision)