

**SIDE BY SIDE COMPARISON**  
**Medical Reimbursement Plans (MRP's), Flexible Spending Accounts (FSA's),**  
**Health Savings Account (HSA's) and Health Reimbursement Arrangements (HRA's)**

<b>FAQ</b>	<b>MRP</b>	<b>FSA</b>	<b>HSA</b>	<b>HRA</b>
<b>Who owns It?</b>	Employer	Employee	Individual/Employee	Employer
<b>Who funds it?</b>	Employer	Employee	Individual/Employee and/or Employer (only to an amount equal to the plan deductible)	Employer only (self-employed are not eligible). Employer can prepay fund or monies can be deducted from employer account on a per claim basis
<b>How is it funded?</b>	Employer reimburses employee when presented with a valid receipt. Typically employer sets up an account with an administrator and funds claims on an "as-needed" basis	A set amount of pretax wages determined by the employee is deposited directly into an account.	Employee and/or Employer can fund. If Employer funded it is pretax. If Employee funds it is an above the line tax deduction. Withdrawals are tax free if they are for a qualified medical expense.	Employer reimburses employee when presented with a valid receipt. Typically employer sets up an account with an administrator and funds claims on an "as-needed" basis
<b>Can the employee take the money with them if they leave?</b>	No	No	Yes	No
<b>What type of health plan can be sold with it?</b>	No restriction on underlying insured plan design but typically a high deductible design is utilized.	Any type of health plan arrangement.	Can only be offered with a policy with a deductible of at least \$1,000 for a single person or \$2,000 for a family.	No restriction on underlying insured plan design but typically a high deductible design is utilized.

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<b>Does interest accrue?</b>	No	No	Yes.	Interest not accrued or addressed in IRS regulations.
<b>Can the employee take the money with them if they change jobs?</b>	No	Unused funds must be spent by year's end (or by termination of employment) otherwise individual loses money.	Accounts could be passed on tax-free to a surviving spouse.	HRA's can't be rolled over to a new employer. An employer is not under any obligation to continue the arrangement after the employee leaves. However, an employer may choose to continue reimbursing a former employee's expense from the HRA.
<b>Do unused funds carry forward to future years?</b>	Typically, unused amounts are not carried over to future plan years.	No, use the funds or lose them.	Yes, unused funds can be used in future years.	Yes, unused funds can be used in future years typically up to some maximum cap on the account.
<b>What is the tax situation?</b>	Amounts reimbursed via a MRP are tax-free to the participant as long as the plan is non-discriminatory with respect to participant eligibility and distributions are used for "qualified" medical expenses as defined by the MRP Plan Document.	Contributions to FSAs are tax-free and so reduce annual taxable income.	Employer contributions are excluded from taxable income and individual contributions are deducted 'above the line' Individual contributions are tax deductible, even if the taxpayer does not itemize. Employer contributions are tax-free. Family member contributions are made on an after tax basis. Investment earnings accrue tax-free. Distributions are tax free if used for 'qualified' medical expenses (all section 213(d) expenses, except health insurance premium payments.	Reimbursements to employees are tax-free as long as they are used on qualified health care purchases