

**HEALTH REIMBURSEMENT ARRANGEMENTS (HRAs)**  
**vs.**  
**HEALTH FLEXIBLE SPENDING ARRANGEMENTS (Health FSAs)**

<b>Plan Design or Compliance Issue</b>	<b>Health FSAs</b>	<b>HRAs</b>
<b>Internal Revenue Code</b>		
Salary reduction funding	Yes	No
Carryover of unused amounts	No	Yes
Medical expenses that are eligible for reimbursement	§213 No insurance premiums	§213 Insurance premium allowed
12-month period of coverage & prohibition of mid-year changes	Yes	N/A
Health FSA uniform coverage requirement	Yes	N/A
Ability to spend down unused amounts after termination of active participation	No	Yes
Claims must be incurred during current period of coverage	Yes	N/A
Cash-outs of unused amounts (if no medical expenses)	No	No
Expense substantiation	Yes	Yes
Claims adjudication	Yes	Yes
Ordering rules	Yes	Yes
Code § 105(h) nondiscrimination requirement	Yes	Yes
<b>ERISA (for ERISA-covered employers)</b>		
ERISA Form 5500	Yes	Yes
ERISA SPD and other disclosures, and adherence to ERISA's benefit claims procedures	Yes	Yes
<b>HIPAA</b>		
Portability, certificates of credible coverage, and health status nondiscrimination	Yes	Yes
Privacy & Security	Yes	Yes
<b>COBRA</b>	Yes	Yes