	FSA	HSA
What does it stand for?	Flexible Spending Account	Health Savings Account
Can you have both an FSA and an HSA?	If employee has an HSA, there may be a limited purpose FSA only - for dental and vision expenses. The FSA cannot be used for medical expenses if there is also an HSA.	If employee has an HSA, there may be a limited purpose FSA only - for dental and vision expenses. The FSA cannot be used for medical expenses if there is also an HSA.
Eligible Participants	An employee whose employer offers an FSA (excludes owners of S-Corps or LLCs).	Individuals and families covered by a qualified high-deductible health insurance plans.
Medicare-enrolled employees	Eligible, no participation restrictions.	No contributions may be made.
High Deductible health plan requirement	None.	Required. Deductible must be at least: $1,200 Single $2,400 Family
Who funds the account?	Typically funded by employee, but employer may make contributions.	Typically funded by employee, but employer may make contributions.
Maximum Contributions	Determined by worksite	For 2010: $3,050/individual $6,150/family Plus $1,000 catch-up contribution for employees 55 and older
Claims Substantiation	100% substantiation required. IRS regulations require that each claim be substantiated before it can be reimbursed, unless it is auto adjudicated.	Yes, upon audit. The burden is on the employee to substantiate the expense has been incurred, the amount and that it is a qualifying expense.
Expenses eligible for reimbursement	Unreimbursed medical expenses (IRC Section 213(d) expenses) incurred during the coverage period. No insurance premiums or Long Term Care expenses allowed.	Unreimbursed medical expenses (IRC Section 213(d)) incurred while coverage is in effect. May not reimburse insurance premiums except: COBRA, Medicare, and Qualified Long Term Care Insurance.
Must a medical expense be incurred during the plan year the contribution is made?	Yes. Expenses must be incurred during the plan year of the contribution.	No. However, no reimbursements can be made for expenses incurred prior to the account being established.
Is the annual amount of the contribution available on the first day of coverage?	Yes. The total amount elected by the employee for the plan year must be available on the first day, regardless of the amount contributed.	Only the amount contributed to date is available for reimbursement.
Rollover of Unused Dollars	No, but a 2-1/2 month grace period is available. This allows participants another 75 days after the end of the plan year to incur expenses to deplete their previous plan year balance.	Yes. Non-medical distributions are included in gross income, but are not subject to 10% tax penalty.
Portability	None. Claims must be incurred during the plan year or period of employment. COBRA eligible.	Yes, funded individual account. Employee retains access to unused account balance even upon termination.
Can funds be used for non-medical expenses for those under age 65?	No. The health portion of an FSA can only be used for qualifying expenses.	Non-medical distributions are included in gross income and subject to a 10 percent additional tax. An exception to the 10 percent additional tax applies to distributions for ineligible expenses for those individuals who are 65 or older or disable or deceased.
Can funds be used for non-medical expenses for those over age 65?	No. The health portion of an FSA can only be used for qualifying expenses.	Yes. Non-medical distributions are included in gross income, but are not subject to 10% tax penalty.