

# Your Guide to HRA's



The rising cost of health care may be forcing you to make different decisions about your employees' medical coverage. It's why we offer creative solutions designed to provide cost-saving alternatives to help employers offer cost-effective coverage without cutting benefits.

Health Reimbursement Arrangements (HRA) empower employees to control how their benefit dollars are spent and help them save on premium costs. It is an IRS-approved (Section 105), employer-funded plan where employers may reimburse employees for eligible healthcare expenses, like deductibles or prescriptions.

HRPro has three key elements for the HRA program:

- 1. High Deductible Health Plan** - Saves the employer money by reducing premium costs up to 50%
- 2. Health Reimbursement Arrangement** - Reimburses the employee's out-of-pocket expenses associated with the higher deductible plan
- 3. Communication, Education, & Support** - Provide employees with the information and resources to make informed health care decisions

Of course, not all HRA plans are created equal. Please refer to your Summary Plan Description (SPD) for your plan's specific allowable expenses.

HRPro provides:

- Employer assistance in HRA plan design and parameters
- HRA Plan Document and SPDs
- Employee Communication Material
- Enrollment Services
- Ongoing Employee Education & Resources
- Online Account Access 24/7
- Dedicated Account Representative
- Non-Discrimination Testing (IRS Sec. 105)
- CMS Reporting

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## Understanding the Types of HRA's

### HRPro's Integrated HRA (or Deductible HRA or Linked HRA)

- Must have group medical health plan in place. Offered only to employees who sign up for the medical plan.
- Used to lower the employees OOP cost related to high deductible plans
- HRA reimburses medical expenses related to higher deductible. (Could include co-pay, co-insurance, deductible or prescription costs)
- Cannot pay medical insurance premiums.

Can be set up as:

Plan Type	Who Pays First	Who Pays After
<b>First Dollar HRA:</b> Reimbursement is available to employee right away, from their first claim submission up to the amount in the HRA. (ie: \$2000 HRA, employee can make claims against the HRA until funds are depleted) <b>DEBIT CARDS AVAILABLE ON THIS PLAN.</b>	The plan pays first up to the amount of the HRA	Employee responsible for remaining amount
<b>Bridge HRA/Cost Sharing HRA:</b> Employee responsible for a portion of the deductible prior to HRA reimbursing the remainder. (ie: \$3000 deductible: \$2000 HRA, employee is responsible for first \$1000 of \$3000 deductible. After \$1000 is met, then HRA will reimburse claims up to the remaining \$2000). <b>Debit cards NOT available on this plan.</b>	Employee Responsible for the First Portion of the HRA Deductible (up to a set amount)	Plan pays remaining up to the set HRA plan amount
<b>Shared HRA:</b> There is a percentage of deductibles paid by employer, and a percentage paid by employee. (ie: \$2000 HRA, employee is responsible 25% of all claims and HRA reimburses the other 75%. With a \$100 claim, employee would be reimbursed \$75, from the plan max of \$2000). <b>Debit cards NOT available on this plan.</b>	Employee responsible for a portion of the deductible amount at start of plan	
	Plan pays for a portion of the deductible amount at start of plan	

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## Understanding the Types of HRA's

### HRPro's Supplemental HRA

#### (Or Stand Alone HRA or Flexible Spending Arrangement HRA)

- The HRA is not linked to a group health plan (employer may offer a group health plan)
- The HRA is designed to reimburse specific employee expenses  
Covers only certain categories of expenses, such as Vision, Dental or Prescriptions.  
Fills gap for employees that company group insurance may not cover.  
Do not have to have a group medical plan in place

Can set up as:	An Employer Can:
<ul style="list-style-type: none"><li>▪ First Dollar HRA</li><li>▪ Bridge HRA/Cost Sharing HRA</li><li>▪ Shared HRA</li></ul>	<ul style="list-style-type: none"><li>✓ Determine Fund Guidelines</li><li>✓ Determine Contribution Amounts</li><li>✓ Determine Carry-Over opportunities</li><li>✓ Choose from the 2 HRA's offered by HRPro</li><li>✓ Choose from 3 Variations of each HRA</li></ul>

### Other services:

Discrimination Testing and the Health Insurance Portability and Accountability Act (HIPAA)

Standard non-discrimination rules apply to an HRA. Plans must avoid discriminating toward any employee(s) regarding the parameters of the plan and how funds are allocated and must ensure that all employees have similar access to a funded account.

HIPAA privacy rules also apply.

### Coordination with a Flexible Spending Account

An employer may choose to offer a Flexible Spending Account (FSA) plan in conjunction with an HRA. An FSA is an *employee-funded* benefit that allows employees to set aside pre-tax funds to pay for medical expenses. FSA funds are contributed through salary-reduction, and the amount is determined by each participating employee.

Combining an FSA with an HRA allows employees to bridge the gap between the employer sponsored HRA and the health insurance plan.

In a situation where an incurred medical expense could be reimbursed from either the FSA or HRA, the employer or plan administrator will determine the "ordering rules" which determine which account the expense shall be reimbursed from first.