

Health Reimbursement Arrangements (HRA) – Tax Advantaged Account

A Health Reimbursement Arrangement (HRA) is an employer-funded plan that reimburses employees for qualified medical, dental, and vision expenses. A Health Reimbursement Arrangement is a tax-advantaged benefit that allows both employees and employers to save on the cost of healthcare. The employer sets aside a specific amount of pretax dollars for employees to pay for health care expenses on an annual basis.

Reimbursements through an HRA are 100% tax deductible for employers and tax-free for employees.

Participant Benefits	Employer Benefits
Participants receive money for eligible health expenses without making contributions and may use HRA funds to pay for a wide range of medical expenses not covered by their health insurance policies.	HRAs offer predictability, allowing employers to anticipate their approximate maximum expense for HRA health benefits for the year.

How the plan works...

Eligibility

An employer must offer group health insurance to offer a Healthcare FSA.

- Employees must meet the eligibility requirements of the employer's plan to be eligible to participate.
- Self-employed individuals (partners, sole proprietors, more-than-2% shareholders in a sub-chapter S Corp and independent contractors) are ineligible to participate.

Enrollment

Eligible employees typically enroll during the annual enrollment period. Mid-year enrollments are possible when eligibility requirements (ex. new hire or qualifying event) are met.

- Mid-year enrollment is possible when eligibility requirements are met. Requirements like:
 - Newly hired employee
 - Employees with status changes/qualifying events

Funding

As an employer-only funded account, the employer decides the maximum annual contribution for each employee's HRA and when those funds are made available.

Contributions

- Employees lose HRA contributions if they leave the company or are terminated
- No maximum contribution limits
- Employers may set a maximum rollover limit that can be carried over from one year to the next
- Participants are not eligible to contribute to the HRA

Eligible Expenses

The employer determines which expenses are eligible for reimbursement.

Verification and Requests

Explanation of Benefits or EOB is the preferred and required in most cases.

Only eligible expenses with dates of service that fall within the HRA plan year can be reimbursed. There are exceptions to this, see below:

Services from the previous year may be reimbursed if the participant was effective for the plan at the time service was incurred.

Requests

In most cases, participants can use their TASC card or request a reimbursement online, through the mobile app, or via paper form (mail or fax). Money not used at the end of the plan year is forfeited to the plan.

Plan Design Options – Summary Plan Description (SPD) Required

HRAs are very flexible, allowing the employer to design their plan to meet the unique needs of the company and the employees.

First Dollar Plans	Comprehensive Plans
<ul style="list-style-type: none"> • Reimbursement of eligible out-of-pocket medical expenses, starting with the first dollar of accumulated expenses, up to the maximum HRA account benefits • Tied to group health insurance plan • Compliments a High Deductible Health Plan (HDHP) • Provides a bridge between insurance and out-of-pocket expenses • Benefit card available 	<ul style="list-style-type: none"> • More flexible than the First Dollar Plan • Allows reimbursement for any non-covered medical expenses that are eligible by plan design • May have an initial amount that must be covered by an employee before they can access their funds (HRA Deductible) • May also have a gap in coverage, where an employee must cover a set amount somewhere in the middle of being covered

Examples of Comprehensive Plans:

- Deductible Only
- Deductible/Rx
- Deductible/Coinsurance
- Deductible/Copay/Rx
- Uninsured Medical/All 213(d) except premiums
- Deductible/Copay/Coinsurance/Rx

Additional Plan Design Options

A Runout period applies to HRAs. The employer can also elect carryover or rollover options. See below.

<ul style="list-style-type: none">• Determined by the employer, this allows up to 100% of the remaining balance from the previous plan year to be added to the new plan year election.
<ul style="list-style-type: none">• Allows unused funds at plan year end to roll forward for use in current and subsequent plan years.
<ul style="list-style-type: none">• Carryover all or a portion of unused funds.
<ul style="list-style-type: none">• Not rolled over until run out period is completed.
<ul style="list-style-type: none">• Employer can choose whether or not to allow carryover.

Compliance

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.

How does TASC differ from the competition?

- If requested, the employer can choose to turn off substantiation requirements
- We offer a debit card for first dollar plans
- We can accommodate other HRA plan designs. For example, we can set up an HRA where the employee is responsible for paying a portion of the deductible prior to the HRA paying. This is known as a second dollar plan.
- We offer EDI integration with HRIS/ Payroll partners for **NO** additional fee