

Frequently Asked Questions

Health Reimbursement Arrangements (HRA)

Q: What is a Health Reimbursement Arrangement (HRA) and how does it work?

A: An HRA is an employee benefit plan designed to help offset unreimbursed medical expenses incurred by the employee (and dependents). The employer provides the funds to reimburse the employee by contributing funds to an HRA.

HRAs can vary greatly in design, but are developed basically for the same purpose – to reimburse the employee for expenses not covered by any other health plan. For example, one HRA can be designed to cover all or a portion of the deductible on a High Deductible Health Plan (HDHP), while another is designed to reimburse the employee for dental and vision expenses. It just depends on the employer's goals for providing employee benefits.

An HRA must be "linked" to the employer's group health plan. You have to participate in your employer's group health plan to be eligible for the HRA.

Q: How will an HRA benefit me?

A: An HRA is completely funded by the employer. The employer decides (1) how much he wants to contribute to the HRA and (2) what expenses he wants to pay for. After that, you have control on how and when you spend the money. After incurring the eligible expense, you will submit a claim for reimbursement.

Q: What will an HRA pay for?

A: It depends on the HRA. An HRA can reimburse for the same expenses (except long-term care expenses) that you can deduct for on your income tax if you itemize. However, your employer has the option of limiting the eligible expenses for a specific HRA.

For instance, an HRA can be structured to pay only co-pays and deductibles under your group health plan, or it can pay just vision and dental expenses. At times, you will have to pay a certain percent of the expense while the HRA reimburses the rest.

You should receive a Summary Plan Description describing the HRA(s) and your rights and responsibilities as a participant.

Q: Will an HRA cover my spouse and dependents?

A: Typically, your spouse and dependents will be covered by an HRA. However, your employer has the option of restricting the coverage to only apply to the employee, although this is rarely done.

Q: How will an HRA work with my current healthcare plan?

A: A linked HRA is typically designed to reimburse the employee for co-pays and deductibles. Some employers offer employees the choice of several group health plans, with separate HRAs linked to each one. You would have the choice of selecting the group health plan that best meets your needs.

A young, single employee with excellent health, a married employee with children, and an employee with health problems does not have to participate in the same health plan. If offered, they have the option to choose the one that meets their needs, and at the end of the year, they can choose another plan if their situation changes.

Q: What happens when I incur an expense and how do I pay for it?

A: If your provider requires payment when the expense is incurred, you will need to pay the provider by cash, check, or credit card. You will then file a claim to be reimbursed. If your employer provides you with a *mySourceCard*®, you may use it.

If your provider does not require payment at the time, you can file the claim for reimbursement and pay the provider after you receive the reimbursement.

Once you incur an expense, you are eligible to be reimbursed. You do not have to pay the provider before you are reimbursed.

Q: How do I file a claim?

A: You may download an HRA Claim Form from

INNOVA's website or login to your account and start an Online Claims Entry. You will submit it with a statement from a third party, stating the amount of the expense, the name of the patient, the type of expense, and the date incurred.

From that information, INNOVA will ensure that the expense is eligible under your specific HRA plan design and will begin the reimbursement process.

Q: How do I get reimbursed?

A: The method of reimbursement depends on your employer. Here are the typical methods:

- **Check.** You will receive a check for the reimbursement.
- **Direct Deposit.** Today's business is moving toward a paperless environment. More and more employees are receiving their reimbursements by direct deposit into their checking or savings accounts.

If your employer offers a *mySourceCard*®, you will be able to pay for the incurred expense at the time of the service using the Card. After you submit your claim, the reimbursement is directly applied to the Card.

Q: Can I participate in both an FSA and HRA?

A: Yes, if your employer sponsors both an FSA and HRA, and you meet the eligibility requirements.

Q: I have an FSA, how is an HRA different?

A: There is a common misconception that an HRA is just an FSA without the use-it-or-lose it rule. While on the surface that may seem so, it is definitely not true.

Following are the primary differences:

- **No employee contributions.** An HRA is funded solely by the employer. No employee contributions are allowed.
- **No use-it-or-lose rule.** When you participate in an FSA, you have to be careful in estimating your expenses because if you do not use all the money you contributed, you will lose it at the end of the plan year. In an HRA, the employer has the option of letting you carry-over all or a portion of your unused funds.
- **No uniform coverage rule.** In an FSA, the entire amount you elect is available for reimbursement on the first day of the plan year. However, in an HRA, you can only be

reimbursed for the amount the employer has contributed to date less any other reimbursements you have received. Your employer has the option of contributing monthly, quarterly, or annually.

- **No mandatory twelve-month plan year.** While most employers will have a twelve-month coverage period, it is possible to have a shorter coverage period.
- **No requirement that expense must be incurred during plan year.** The regulations do not require the expense to be incurred during the plan year; but you must have been a participant in the HRA when the expense was incurred. However, your employer has the option of allowing this or not.

Your employer will furnish you with a Summary Plan Description explaining these points.

Q: What happens if I quit or lose eligibility?

A: If you are participating in an HRA, and quit or lose eligibility, you will be entitled to COBRA on the same terms as for your group health plan.

Q: Can I cash out and take the HRA funds as additional income?

A: No. Currently with the HRA regulations, there is not an option for taking the HRA funds as a cash option. HRA funds are only available to reimburse eligible medical expenses incurred by the employee or their dependents.

Q: Can I take my HRA balance with me when I leave for another job?

A: No. The Spend-Down option can allow you to use the remaining funds or you can continue your HRA through COBRA for a period of time.

Q: Who do I contact if I have any questions regarding my account or the Program?

A: INNOVA Benefit Services has representatives available by telephone Monday through Friday during normal business hours to answer your questions at [866.993.7702](tel:866.993.7702). In addition, you can obtain automated information about your account anytime via our automated telephone inquiry services at [866.276.2411](tel:866.276.2411). The same information is available by logging in via our website at: www.innovaben.com. You may also reach us via email at: questions@innovaben.com.