

# EMPLOYER-FUNDED BENEFIT HEALTH REIMBURSEMENT ARRANGEMENT (HRA)

## What is a Health Reimbursement Arrangement?

A Health Reimbursement Arrangement (HRA) is a tax-advantaged account that is 100% funded by your employer to pay expenses not covered by your health plan.

As part of your employee benefit plan, you'll know in advance how much money you have to spend on eligible health care expenses, which typically include medical, pharmacy, dental and vision. While these are typical eligible expenses, your employer ultimately determines how the funds can be used.

## How an HRA Works

Your employer has the choice of allowing the HRA to pay before you meet any deductible, or it can be set up so that you have to meet a certain amount of out-of-pocket expense before the HRA begins to pay.

- In a "first-dollar" plan, your HRA provides deductible coverage and covers your health care deductible expenses right away. Every time you see a provider and the service is subject to your deductible, your HRA will cover those expenses. There is no need for you to pay anything out-of-pocket until you have used all of the funds in your HRA.
- In a "you-pay-first" plan, you pay for expenses not covered by your plan until you reach an amount set by your employer, then the HRA will pay.

## Accessing Care With an HRA

When you see a health care provider, the provider will submit a claim to your insurance plan. If the service is subject to your deductible, or if coinsurance applies, your provider will generally bill you after the health plan has processed the claim.

Depending on the way your employer chooses to set up your HRA, your provider might be paid directly from its funds or you may receive reimbursement directly. If you receive a bill, you can use your smart debit card to pay online (if available), use your debit card number on the payment remittance, or choose to pay out of pocket and file a claim for reimbursement from your HRA.

*It's important to note that some services may be covered prior to meeting your deductible, such as preventive care visits.*

## HRA Reimbursement

If you don't have a smart debit card, getting reimbursed for medical expenditures is fast and easy when you register your bank account to receive direct deposits. Or you can choose to have reimbursement checks mailed to you upon approval of your claim.

## Benefits of an HRA

Your employer can offer an HRA in conjunction with your health insurance plan to help offset your out-of-pocket responsibility. Your health insurance plan may require you to pay out of your own pocket in the form of copays and/or a deductible before your insurance plan starts paying for services. Also, once you meet your deductible, you may need to pay coinsurance – a percentage of services – until you meet your out-of-pocket maximum. An HRA helps offset your deductible and coinsurance responsibility by allowing you to pay for those costs from funds set aside by your employer. The funds your employer contributes are not included in your salary and are not considered taxable income.

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Customized & Helpful.  
100% employer funded.

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Designed to offset your  
out-of-pocket expenses.

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Have questions or need more  
information? Contact your  
Bukaty benefits consultant.

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