

Health Reimbursement Arrangement (HRA)

Talking Points for Brokers

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Optima Health partners with HealthEquity to offer a fully integrated health plan and Health Reimbursement Arrangement (HRA) option:

- The combination of a higher deductible health plan coupled with an HRA is less expensive than traditional health insurance plans. These savings can be used to fund the HRA.
- Employers promise to pay an amount determined by the group for designated out-of-pocket expenses incurred by their employees. A minimum annual HRA commitment of \$250 per employee is required.
 - In addition to the minimum contribution, the employer determines when they will provide the promised funds—either before or after their employees have met a portion of their deductible, or the employer can share the responsibility of the deductible with the employee.
 - Similarly, the employee needs to share in the deductible exposure in order to help impact behavior in this consumer-directed plan design. The minimum employee cost share is \$250 per year (i.e., the HRA cannot cover more than \$1,250 of a \$1,500 deductible).
- Employers do not have to prepay into the HRA; the funds are provided as qualified expenses are incurred. This arrangement gives employers more control over their cash flow. The employer can deduct distributions from the HRA as a tax-free business expense.
- All unused funds from the HRA remain with the employer, thereby reducing their annual healthcare expenses. Also, terminated employees cannot take unused funds when they leave (unless they elect COBRA on the HRA portion); the funds are not portable.
- HRAs offer employers an effective strategy for reducing their health plan premiums, creating a long-term plan to control costs and lower their overall healthcare expenses.
- Integration includes a single enrollment process into the health plan and the HRA, claims feeds from Optima Health to HealthEquity for record keeping, auto payment to providers/members, and online access to HRA payment and fund activity for the employer and employee.
 - Debit cards may be set up for groups that select a Design Plus plan that has pharmacy expenses counting toward the medical deductible first.
- With claims integration, there are no paper claims to be filed and all adjudicated claims are substantiated as eligible expenses.

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- HealthEquity produces the required HRA plan documents for the group and provides reports that allow for reconciliation of the HRA funds and disbursements.
- Through optimahealth.com, members can access health information and identify treatment options and cost savings opportunities to help them make decisions and budget their healthcare costs.
- A secure online member portal, accessed through optimahealth.com, provides convenience and self-service transactions that allow members to manage their accounts and monitor their claims at any time.
- Employees become better healthcare consumers because they are exposed to the true costs of healthcare.