



An AmWINS Group Company

HRA/FSA/HSA

GBS administrative services include our in-house Health Reimbursement Arrangement (HRA) and Flexible Spending Account (FSA) administration.

Costs: \$250 one-time set up fee and \$6 per member per month

How an HRA Works



Step 1

EMPLOYER decides how much to contribute and when funds are available for the employee's use.



Step 2

Go to your doctor or pharmacy and present insurance card.



Step 3

Pharmacy or doctor submits services to insurance.



Step 4

Pharmacy charges employee at pick-up. Doctor either charges employee a co-pay OR sends a bill 30-45* days after insurance is applied.
**depending on insurance coverage*



Step 5

HRA either reimburses these expenses OR the employee is responsible for paying until they have reached a certain out-of-pocket limit.



Step 5

Expenses are reimbursed OR the employee is responsible for paying



ON YOUR TEAM.

	Flexible Spending Arrangements FSA	Health Reimbursement Arrangements HRA	Health Savings Accounts HSA
Description	Created under a 125 Cafeteria Plan to reimburse employees for qualified medical expenses	Employer-established account that reimburses employees for qualified medical expenses. Must be integrated with ACA compliant health plan (exception for certain qualified small employer plans-QSEHRAs)	A tax-exempt employee account established to pay for qualified medical expenses
High Deductible Health Plan (HDHP)	Not Required	Not Required	<u>2018: Annual Deductible</u> \$1,350 – Self Only \$2,700 – Family
Who is Eligible?	Any employee who is eligible for health coverage which is not an excepted benefit; subject to employer-designed exclusions	Any employee, subject to employer-designed exclusions; eligibility may or may not be tied to HDHP	Employee / Individual covered by HDHP & no other non-HDHP coverage
Who Create an Account?	Employer	Employer	Employer or Individual
Who Funds It?	<ul style="list-style-type: none"> Employee salary reduction dollars Employer 	Employer only	Individual Employee salary reduction dollars Employer
Who Can Contribute?	Employer, Employee, or Both	Employer only	Employer, Employee, or Both
Maximum Contribution Level	<u>Plan Years Beginning 2018</u> Individual – \$2,650 Married – \$5,000	Set by employer	<u>2018 Maximum* Contribution</u> Individual – \$3,450 Family – \$6,850 *Calendar year maximum
Catch-Up Contributions	Not Allowed	Not Allowed	Ages 55 and older until enrolled in Medicare at age 65 – \$1,000
Out-Of-Pocket Maximum for HDHP*	Not Applicable	Not Applicable	<u>2018</u> Individual – \$6,650 Family – \$13,300
Interest and Earnings	None	Yes; earnings are tax free if used for qualified medical expenses	Yes; earnings are tax free if used for qualified medical expenses
Are Contributions Taxed?	No federal or state income tax** or social security / Medicare tax	No federal or state income tax** or social security / Medicare tax	No federal or state income tax** or social security / Medicare tax
Distributions for Non-Medical Expenses (Including Cash-Outs)	Not Allowed	Not Allowed	Subject to tax & 20% penalty (with certain exceptions)
Qualified Expenses	Qualified medical expenses as defined in IRC 213(d), including over-the-counter drugs if prescribed	Qualified medical expenses as defined in IRC 213(d), including over-the-counter drugs if prescribed	Qualified medical expenses as defined in IRS 213(d), including over-the-counter drugs if prescribed; Premiums (1) Medicare, (2) COBRA, (3) health insurance while receiving unemployment compensation
Health Insurance Premiums	No	Yes	No, with exceptions
Reimburse Long-Term Care (LTC)?	LTC premiums – No LTC expenses – No	LTC premiums – Yes LTC expenses – No	LTC premiums – Yes LTC expenses – Yes
Portability	No; employees also forfeit unused balances	At the discretion of the employer	Yes; employee owns the account
Balance Carry-Over	Limited; plans may allow up to \$500 carryover or a grace period of up to two and a half months but not both	At the discretion of the employer	Yes
Discrimination	IRC Section 125 and 105(h) – Yes	Employer contributions must not discriminate in favor of highly compensated individuals as provided by IRC Section 105(h)	If employer contributions are done through a Section 125, the employer must comply with nondiscrimination requirements of the 125 Plan
Reimbursement Order***	FSA's should be considered the "final payer" and cannot reimburse expenses that have been reimbursed elsewhere	Claims are submitted to the HRA first and the FSA reimburses any amounts not reimbursed by the HRA	Should not have HRA & FSA that cover same expenses as the HDHP
Funding Requirement	Uniform coverage rule applies; claims must be paid without regard to contribution amount	Not required to pre-fund – uniform coverage rule does not apply	Funds must be present before withdrawal is made; employer may contribute to HSA over time or all at once
COBRA Continuation COBRA Premiums	Subject to COBRA No	Subject to COBRA Yes	Not subject to COBRA Yes
ERISA Requirements	Yes	Yes	HDHP piece – Yes, if employer sponsored Savings/investment portion – No
ERISA Form 5500	Applies; exception for small (< 100 participants) unfunded plans	Applies; exception for small (< 100 participants) unfunded plans	Does not apply unless it is an ERISA plan
ERISA SPD & Other Disclosures; Adherence to Benefit Claims Procedures	Yes	Yes	Does not apply unless it is an ERISA plan
HIPAA Portability, Certificate of Creditable Coverage	Applies; exception for health FSAs funded with salary reductions	Yes	Yes, for HDHP and for an employer-sponsored HSA
HIPAA Privacy	Yes	Yes	Does not apply unless it is an ERISA plan

*HHS clarifies that plans offering family coverage (or any plan other than self-only coverage) are required to include embedded OOP limit for each individual covered. ACA OOP limits are \$7350 per individual up to \$14,400 in 2018.

**State taxes could apply in some states

***Employer can draft HRA and FSA plan documents so that HRA reimburses only after FSA amounts are exhausted.