

# Understanding Your Health Reimbursement Arrangement

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*Reduce your out-of-pocket healthcare expenses by leveraging the health reimbursement arrangement your employer has funded for you.*

## **What is a health reimbursement arrangement (HRA)?**

An HRA is part of your employee benefit plan. Your employer contributes money each year to help you pay for medical and hospital visits and prescriptions applied to your in-network deductible.

## **How is an HRA different from an FSA?**

An HRA is a reimbursement account set up and funded by your employer to cover items applied to your in-network deductible. Unlike a healthcare FSA where the IRS defines the eligible services, the employer defines the services eligible for reimbursement from an HRA. Typically, an employer will reimburse healthcare services like doctor's office visits and hospital services, and prescription drugs. For details on qualified expenses for your plan, check your summary plan document. Your employer will provide you this document which details the rules of coverage.

## **How will I benefit from my HRA?**

Employers offer an HRA in conjunction with your health insurance plan in order 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 copayments and/or a deductible before your insurance plan starts paying for services. Also, once you meet your deductible, you may need to pay a percentage ('coinsurance') 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.

## **How do I access my HRA funds?**

If you have a benefits debit card linked to your HRA, pay with your card and qualified purchases will be automatically debited from your HRA. Some HRAs offer automatic payment of your responsibility. If your plan offers this service, your out-of-pocket expenses will automatically be paid from your HRA. Again, refer to your summary plan document to see if this service is available to you. Otherwise, you will be required to pay for the medical service upfront and then submit for reimbursement.

## **How HRAs Work**

### **HRA for First Dollar Deductible Coverage**

Your HRA covers your healthcare deductible expenses right away. As you go to providers that are subject to your deductible, your HRA will cover those expenses with no need for you to pay anything out-of-pocket until your HRA is exhausted.

### **HRA after a portion of your deductible is met**

Your health insurance plan comes with a deductible which applies to certain healthcare services. Your HRA is intended to help you pay for deductible expenses after you meet a portion of your deductible. At that point, your HRA will cover future deductible expenses with no need for you to pay out-of-pocket until your HRA is exhausted.

## **HRA Percent-Based Reimbursement – Deductible Only**

Your HRA has been designed to reimburse you for a percentage of your healthcare expenses. Every time you see a healthcare provider and the service is subject to your deductible, your HRA will reimburse you for the percentage specified in your summary plan document. Once your HRA is exhausted, you will be responsible for 100% of your out-of-pocket expenses up to your health plan's out-of-pocket maximum.

## **How do I access care with an HRA?**

### **For covered services subject to deductible and/or coinsurance**

When you see a healthcare provider, the provider will submit a claim to your insurance plan. Some services may be covered prior to meeting your deductible, such as preventative care visits. If the service is subject to your deductible or coinsurance applies, your provider will generally bill you after the health plan has processed the claim. Remember, your HRA may offer auto-payment services, whereby your provider might be paid directly from your HRA or you may receive reimbursement directly. If you receive a bill from your provider, you can provide your benefits debit card number on the payment remittance, or pay out of pocket and then file a claim for reimbursement from your HRA (a reimbursement check will then be mailed or deposited into your bank account).

## **How do I get reimbursed?**

If you do not have a benefits debit card or auto-payment services, getting reimbursed for medical expenditures is fast and easy when you register your bank account to receive direct deposits. Reimbursement checks can also be mailed to you upon approval of your claim.



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