



# Health Reimbursement Arrangement



# A Health Reimbursement Arrangement (HRA)

is an employer-owned and funded account set up to reimburse employees for qualified, out-of-pocket medical expenses. The HRA is typically combined with an MVP high-deductible health plan to help offset the cost of the deductible.

As the employer, you select the amount of annual contribution per employee and the plan design. An HRA can be the first step to encouraging your employees to take a consumer-driven approach to their own health care.



## Employer advantages

There are many reasons to consider an HRA from MVP:

- **IT'S TAX DEDUCTIBLE.** The amount you pay out in reimbursement is 100-percent tax deductible.
- **IT'S COST-EFFICIENT.** You can improve your cash flow, as there is no need to fund claims until they are actually submitted.
- **IT'S AN ATTRACTIVE BENEFIT.** An HRA is a benefit option that can be offered to current and also future employees.
- **IT'S FLEXIBLE.** We'll work with you to select a plan that meets the needs of your company and your employees.
- **CONVENIENT ONLINE ACCESS.** It's simple for you and your employees to view and manage HRA accounts.

## Consider these plan designs to help you choose an HRA that's right for you

### ■ MEMBER FIRST PLAN

*This plan is designed to be paired with a high-deductible health plan with a member cost share **before** the employees HRA may be used.*

That means the employee pays a portion of his or her deductible *before* accessing the HRA. Once the deductible is met and the fund is exhausted, the health plan begins to pay a portion of the eligible expenses. You may choose to use this plan with an MVP CareFund debit card.

### ■ EMPLOYER FIRST PLAN

*This plan is designed to be paired with a high-deductible health plan with a member cost share **after** the employee's HRA is exhausted.*

With this option, the fund pays first and typically reduces the employee's deductible. This provides the employee with first-dollar coverage. Once the employee's HRA is exhausted, the employee is responsible for the remainder of the deductible before the high-deductible health plan pays a portion of the eligible expenses.

This option can also be used with an MVP CareFund debit card.

### ■ COMPREHENSIVE HRA PLAN

*This plan does not have to be paired with a high-deductible health plan.*

The comprehensive HRA can cover any out-of-pocket medical expenses and can include: dental expenses, vision expenses, copayments, coinsurance and deductibles. This may be structured either as a Member first plan or an Employer first plan. You may elect to include the use of MVP's CareFund debit card with this plan for eligible expenses.

## Advantages for your employees

Enrolling in an HRA provides many advantages to employees:

1. **Reduced** out-of-pocket health care expense
2. Reimbursements are **not considered taxable** income for employees
3. Unused **funds can be carried over** from year to year while the employee works for your organization, potentially offsetting the cost of future health care expenses\*

## Reimbursement from an HRA is **simple**

Pick from these reimbursement options... the choice is yours!

- Reimburse your employees through **direct deposits** into their bank accounts
- Reimburse your employees through **checks delivered directly** to their designated address
- Provide your employees with an **MVP CareFund debit card** so that funds may be debited directly from their HRA accounts
- MVP can **directly pay** health care providers on behalf of your employees



\*The option to roll over funds is a specific option that groups must choose when the plan is designed. Not all plans have this option.



### Step-by-step, here is how our HRA typically works for **medical reimbursements**

1. Employee visits a doctor or hospital for care.
2. Doctor or hospital submits a bill to MVP Health Care.
3. MVP will adjust the pricing to reflect the network discount rate and mail the member's *Explanation of Benefit (EOB)* to the employee and send notification to the health care provider.
4. The next steps will vary depending on the plan option that you choose. For example, medical claims will be submitted on the employees' behalf to the HRA and MVP will directly pay the health care provider.

### Here is how our HRA works for **prescription reimbursements**

1. Employee visits a pharmacist to fill a prescription.
2. Pharmacist electronically processes the claim and adjusts pricing to reflect negotiated rates or apply applicable copay (based on the prescription plan).
3. Employee pays discounted prescription cost or applicable copay to the pharmacy.
4. The pharmacy claims system provides eligible reimbursement information to the HRA.
5. If an MVP CareFund debit card is issued to your employees (varies based on plan design chosen) then the funds will be electronically deducted from the HRA. *No claim forms are required!*
6. If an MVP CareFund debit card is not used, the pharmacy claims will be submitted on the employees behalf to the HRA. If funds are available, the HRA sends the eligible reimbursement directly to the employee. *Again, no claim forms are required!*





## Add a Flexible Spending Account to your HRA plan

Consider offering a **Flexible Spending Account (FSA)** plan in conjunction with an HRA. An FSA is an employee-funded benefit that allows employees to set aside pre-tax dollars to pay for medical expenses. FSA funds are contributed through salary reduction, and the amount is determined by each participating employee.

Stacking an FSA with an HRA allows employees to bridge the gap between the employer-sponsored HRA and the health insurance plan. An FSA can help pay for eligible out-of-pocket expenses with pre-tax savings.

In a situation where an incurred medical expense could be reimbursed from either the FSA or HRA, the employer or plan administrator will determine which account the expense shall be reimbursed from first, the FSA or the HRA.

For FSA contribution limits and IRS guidelines, please visit <http://www.irs.gov/pub/irs-pdf/p969.pdf>.

## Resources, Tools and Ongoing Support

After you select MVP's HRA plan, we're here to help with any questions or support you might need. Employers can view accounts, generate transaction reports, and check disbursements and fund liability.

MVP also provides all the tools your employees will need to manage their HRA accounts. Employees can log in to their account to view fund balances and claims history, get forms, and access additional educational resources to help them get the most out of their HRA. They can also find doctors, compare drug costs, look-up benefits and view claims and pharmacy information related to their high-deductible HRA plan.

*Offer your employees an **affordable choice** that will help them to become more engaged health care consumers. Call MVP Health Care or contact your broker today!*

**1-800-TALK-MVP (825-5687)**  
**[www.discovermvp.com](http://www.discovermvp.com)**