



Active Employee Health Insurance Solutions

Funded Integrated Health Reimbursement Arrangement (HRA)



Offset Higher Deductibles with an HRA

Schools, cities, and counties are moving towards higher deductibles on health insurance plans to cut spending. Many of these organizations consider offering a Health Savings Account (HSA) with a high deductible health plan (HDHP) to offset the higher deductible. However, drawbacks of HSAs include limited employee participation¹, restrictions on using funds for early retirement and Medicare Supplement premiums, and the requirement to have an IRS-defined, HSA-qualified high deductible health plan. Additionally, in the IRS-defined, HSA-qualified health plan, there are no co-pays and employees must pay 100% of prescription drug costs until the deductible is met.

Many employers have found that a Health Reimbursement Arrangement (HRA) is a better fit than an HSA. The HRA can be offered to everyone, and there are no deductible requirements or IRS-defined plans. For early retirees, the HRA can be converted into a Retiree HRA and used in post-employment. HRAs can be funded or unfunded, giving employers even more flexibility and choice.

How It Works

- Employer contributes a fixed dollar amount into an employee's HRA account (in conjunction with a health plan)
- Deposits are immediately available for eligible medical expenses and post-employment for premiums
- Money defaults into a fixed interest account (variable interest plan options available)

Advantages to Employer

- Increases healthcare consumerism since unused funds can carry over each year including post-employment/retirement
- Plan can be customized to limit reimbursement and/or carryover amount

Advantages to Employee

- Can use funds tax-free for eligible medical expenses and post-employment/retirement medical insurance premiums
- No limit to HRA reimbursements
- Funds can carry over

Why Choose National Insurance Services?

- National Insurance Services (NIS) has extensive HRA expertise and experience since 2002
- NIS specializes in schools, cities, and counties
- Flexibility to customize based on school, city, or county needs
- Employer and retiree services and support
- Debit card or website reimbursement process (depends upon the plan)
- Fixed or variable investment options
- IRS audit and compliance support

¹Employees are generally prohibited from participating if they are also covered by a spouse's non-qualifying HDHP or non-modified Flexible Spending Plan