



## Active Employee Health Insurance Solutions

### Funded Integrated Health Reimbursement Arrangement (HRA)



#### Problem

Schools, cities, and counties are moving toward higher deductibles on their health insurance plans to help cut health care spending. Many of these organizations consider offering a Health Savings Account (HSA) in conjunction with a high deductible health plan to offset the higher deductible. However, HSA drawbacks include: not all employees may be able to participate,<sup>1</sup> funds cannot be used for early retirement health insurance premiums or Medicare Supplement plan premiums, and HSAs can only be used in conjunction with an IRS-defined, HSA-qualified high deductible health plan. Additionally, since there are no co-pays in the IRS-defined, HSA-qualified health plan, the employee must pay 100% of prescription drug costs until the deductible is met.

#### Solution

Many governmental organizations have found that a Health Reimbursement Arrangement (HRA) is a better fit than an HSA because it can be offered to everyone, and there are no deductible requirements or IRS-defined plans. And for early retirees, the HRA can be converted into a Retiree HRA and used in post-employment. HRAs can be funded or unfunded which gives the employer more 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
- Vesting schedules can apply

#### 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
- Scheduled service calls and visits
- Debit card or website reimbursement process (depends upon the plan)
- Fixed or variable investment options
- IRS audit and compliance support

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