

Things to Know About HRA, HSA and FSA Accounts

Health Reimbursement Arrangements (HRA):

1. Allowable Health Insurance Coverage
 - a. Can be used with any VEHI Health Plan
 - b. Can be used with a Medical FSA
 - c. Can have dual coverage - ie. Covered by spouse's health plan
 - d. Can be covered by spouse's FSA
2. Requires an Employer to have a Plan Document (similar to FSA)
3. Claims must be Substantiated - (the vast majority will be substantiated through a claims feed with BCBSVT)
4. Annual Limits will be determined by Collective Bargaining
5. Tips for Successful Implementation
 - a. Do not allow a debit card to be used with Auto-Payments to providers
 - b. Set up on Calendar year
 - i. Allows for better coordination of benefits with health plan

Health Savings Accounts (HSA):

1. In Order to Open and Fund the Account
 - a. You must be covered only by a qualified VEHI HSA plan
 - b. You must NOT have other insurance coverage including
 - i. Other Health Insurance- Medicare, spouse's health plan, TriCare
 - ii. Medical FSA- you or your spouse's
 - iii. If you receive Social Security Benefits at age 65 or greater, you are automatically enrolled in Medicare Part A and ineligible for the HSA
 - c. You can have other permitted coverage
 - i. Dental and stand-alone Vision Plans
 - ii. Supplemental Plans (AFLAC type policies)
 - iii. Long Term Care Insurance Plans
 - iv. Limited Purpose Flexible Spending Account (FSA)
 - d. You should keep copies of all qualified healthcare expenses in case of an IRS audit. (BCBSVT will provide health plan claims data to Health Equity through a file feed)
 - e. Annual Contribution limits for 2016: Individual coverage - \$3,350. All other coverage - \$6,750. An additional \$1,000 Catch-up contribution can be made for those that are 55 or older.



2. Employer Tips for Successful HSA Implementation

- a. Do not allow a rollover or grace period for the Medical FSA, to allow for election of the HSA option.
 - i. Change plan document for 2017, to allow for the HSA option in 2018
 - ii. Make sure if you continue to offer an FSA that the FSA plan year is on a calendar year to allow for better coordination of benefits with the health plan
- b. Inform Medicare Eligible Population of Options
 - i. If they enroll in Medicare Part A or B, they are no longer eligible to contribute to the HSA
 - ii. If they receive Social Security benefits (after age 65) they are automatically enrolled in Medicare Part A
 - iii. Employees can waive Medicare Part A and B, but they should consult a tax advisor
- c. Consider Offering a Limited Purpose FSA
 - i. Covers Dental and Vision Expenses

Remember - even without any of these accounts, in order to allow health care premium to be paid on a pre-tax basis, the employer must have a Section 125 Plan document that identifies, among other items, the plan year.