

## How to Get Started

You can start an HRA at any time. Plus, you can have a short coverage period to coordinate your HRA with other benefits. The coverage period can also coincide with either your fiscal year, calendar year, or health plan—the choice is yours.

### HRA Plan Design



Options: Providing Solutions

◀ **Bridge Plan:** Pays a portion of the deductible on a high deductible insurance product.

◀ **Comprehensive Plan:** Pays all medical expenses not covered by insurance.

◀ **Limited Plan:** Covers only a limited benefit area like, dental, vision or prescriptions.

◀ **Insurance Only:** Pays a specified amount toward an individual or group insurance premium.



### **PIOPAC Fidelity Third Party Administrator** *“Security, Integrity, Trust”*

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## **PIOPAC FIDELITY**

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# Health Reimbursement Arrangement Savings for you and your Employees



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## What is a Health Reimbursement Arrangement (HRA)

HRA (Health Reimbursement Arrangement), a consumer driven healthcare product which engages employees to take a more active role in managing their own health care. HRAs allow an employer-funded account to repay the unreimbursed medical expenses of employees along with an option to carry unused funds forward. Only owners of C Corporation may participate in the plan. Other entities may sponsor an HRA, the owners just will not be able to receive reimbursements through the plan.

An HRA account may reimburse any or all of the



same expenses as a Section 125 Health Flexible Spending Account (FSA) and reimbursement of qualified medical expenses are tax-free. Unlike a Health FSA, where the IRS requires the annual

election to be available on the first day of the plan year, only a portion of the HRA limit is added to each account once per month or pay period.

## What happens to the money that an Employer puts into the HRA?

An employer established an HRA by adopting a formal plan and distributing a Summary Plan Description (SPD) to all eligible employees. The SPD describes, among other things, the amount of money available in each employee's personal health account for the coverage period. As eligible expenses are submitted, the employee's personal account is reduced and paid to them on a non-taxable basis.



Plus, at the employer's option,

the plan can be designed so that dollars not spent by employees can be rolled over to fund the employee's expenses in the future years.

## What Benefits can an Employer include in an HRA Plan?

Medical expenses not covered by insurance. Typical expenses include insurance co-pays and deductibles for physician office visits, dental and vision care providers, prescription and over-the-counter drugs.

Insurance premiums. Health insurance provided by the employer, individually-owned policy premiums, or long-term care insurance premiums may be paid from the HRA plan.

## Your Company will Recognize the Following Benefits with an HRA Plan.

- Health Plan Savings. Carving out and self-funding the Rx, dental and vision riders could significantly lower your company's health insurance cost and use the savings to fund the employee HRA accounts.
- Lower Drug Costs. A prescription-only HRA may lower your plan's prescription costs.
- Annual Rollover. Unused employee account balances may be rolled forward each year or forfeited by employees, depending on your benefit strategy.
- Tax Savings. An HRA enhances FSA plan participation which saves taxes.
- Administrative Cost Deductible. Administrative costs are tax deductible and can be paid by you, your employees, or a combination of employer/employee dollars.

Providing Solutions for all your Employee Flexible Benefit Plan

Administration

### PIOPAC Fidelity Third Party Administrator

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