

Health Reimbursement Arrangement (HRA) Need-to-Knows



An HRA is an employer-owned benefit account that is used by participants to cover eligible medical expenses for themselves and their dependents. Each HRA requires a Summary Plan Description (SPD) which outlines the details of your employer's plan, including funding amounts and eligible expenses. Keep in mind that your company's HRA is unique to your employer.

Standard HRA

Funding

An HRA is funded solely by the employer; employees are not allowed to contribute. Contribution amounts are determined by the employer, and funding may occur monthly, quarterly, semi-annually, annually, or by claim, depending on plan setup.

Tax Benefits

HRAs are a tax-free benefit for employees because contributions do not count towards your income.

Eligible Expenses

Your employer determines which IRS-approved expenses are covered under your plan. Refer to the SPD for more information.

Is my HRA Health Insurance?

No. HRAs are not health insurance, but they are often paired with an employer's health insurance plan (see the SPD). In addition, you cannot pay for health insurance premiums with funds from your HRA.

Portability

Since an HRA is owned by the employer, you cannot keep the funds if your employment is terminated (either voluntarily or involuntarily).

Keep Your Receipts

In order to receive reimbursement for eligible expenses, your purchases must be substantiated (verified). Be sure to keep all your receipts and other documents (i.e., prescription forms).

No Double Dipping!

If you participate in a Flexible Spending Account (FSA) or Health Savings Account (HSA) in conjunction with the HRA, you cannot receive reimbursement for the same expense from multiple accounts.

Fund Rollover

Some plans may allow HRA rollover at the end of the plan year. Refer to your SPD for more information.



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