



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,¹ 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

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