



Payments in Lieu of Retiree Health Insurance

Using a Retiree-Only Health Reimbursement Arrangement (HRA)



Reduce Premiums and Administration Costs While Providing Flexibility

When employers choose to keep retirees on their health insurance plan, premiums can significantly increase. And the administrative burdens of paying retiree premiums can be time-consuming and difficult for employers with limited staff.

Employers can use an HRA in lieu of the employer contribution towards retiree insurance premiums. This gives retirees the flexibility to choose their insurance provider including but not limited to the group plan while employers can reduce their premium and administrative costs. All communications with the retirees are handled by the administrator.

How It Works

- Employer deposits funds into an HRA to be used for retiree health insurance premiums instead of paying for retiree health insurance
- Money defaults into a fixed interest account
- Retiree uses funds to pay for a medical insurance plan of his/her choice

Advantages to Employer

- Retirees may leave the employer plan, reducing implicit rate subsidy¹
- Reduces OPEB (post-employment) liability
- Access to independent consultant to help employees make educated decisions

Advantages to Employee

- Can use funds to purchase any medical plan
- Can use funds tax-free for eligible medical expenses including dental and vision
- Can be used for Medicare Parts B, C, D, and Medicare supplements
- Surviving spouse/qualifying dependents can use remaining HRA balance for eligible medical expenses and insurance premiums if retiree passes away
- Independent consultant to aid in decision making

Why Choose National Insurance Services?

- National Insurance Services has extensive HRA expertise and experience since 2002
- Flexibility to customize based on school, city, or county needs
- Employer and retiree services and support
- User friendly platform including debit card and phone app
- Fixed or variable investment options
- IRS audit and compliance support
- Independent consultant to aid in decision making

¹*Implicit rate subsidy: The true age-related cost of retirees is higher than the average active employee. Therefore, when retirees continue on the group health plan, the premium for everyone increases. Retirees are paying less and active employees are paying more to subsidize these costs.*