

Health reimbursement arrangement (HRA)

Helps employees manage out-of-pocket healthcare expenses

Humana's health reimbursement arrangement (HRA) provides you with a way to reduce your health benefits costs while providing your employees with a way to help manage their out-of-pocket healthcare expenses.

The HRA is an employer-funded health reimbursement arrangement that can be used to pay for eligible medical expenses. Members use the convenient Humana Access® Mastercard to pay for their expenses, just like they would with a credit or debit card. The card works at most health-related locations, including pharmacies, doctor's offices, hospitals and medical supply stores.

The HRA is like a savings account to help employees pay for things like copays and deductibles, saving them money on out-of-pocket expenses and it's a tax-savings benefit for you.

BIG ADVANTAGES FOR YOU

- **Single-source management** – Humana manages and administers the HRA and Humana Access card, easing your administrative effort. We can integrate flexible spending account (FSA) administration, as well.
- **Fund the account throughout the year** – You don't have to set aside all the cash up front necessary to support your HRA. Simply provide a deposit, a percentage of the HRA and add more as employees use their funds.
- **Flexibility to determine carryover** – Employers may allow unused funds to carry over to next year, as long as the employee chooses the same type of plan. You can set a maximum allowed to carry over or not allow any unused funds to carry over.
- **Employers who allow 100 percent carryover** may choose to let subscribers use previous-year HRA funds for the current plan year expenses prior to the runout.

ADVANTAGES FOR EMPLOYEES, TOO

- **"Pay-down" of health plan deductible** – HRA funds can be used for medical expenses like doctor's office visits to reduce what your employees pay toward the deductible. Once members meet the deductible, they pay only their coinsurance.
- **Easy access to HRA funds** – The Humana Access card allows employees to use their card like a credit or debit card to pay for eligible expenses.
- **Greater control** – Members can use HRA dollars in several ways, such as out-of-pocket costs for prescriptions, medical care, dental expenses and vision care.

See how Humana makes HRA administration easy

Humana®

How to set up and fund an HRA



SET UP

Humana works with you to set up a bank account in Humana's name and at Humana's bank. This account covers the Humana Access card transactions as well as manual reimbursement checks. Humana pays all bank fees, updates the employer on expenditures and deposits, and performs monthly reconciliations.



DEPOSIT

At the start of the plan year, the employer funds only a percentage of the total annual HRA contribution. The minimum initial deposit amounts:

- **Up to 99 eligible participants**
The greater of 4 percent of all annual elections or \$1,000
- **100+ eligible participants**
The greater of 4 percent of all annual elections or \$2,000



REPLENISH

Humana processes the employees' card swipes and manual reimbursements. The employer provides additional funds through electronic transfer, so the account balance remains at the agreed-upon balance.



EXAMPLE

Acme has 150 employees

40% select a plan with the HRA

HRA contribution = \$60,000 (150 employees x 40% x \$1,000)

Employer deposits the greater of 4% or \$2,000.

Initial deposit: 4% x \$60,000 = \$2,400

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Frequently asked questions

1. If I also offer an FSA through Humana, which funds are used first?

Employers usually arrange for Humana to deduct from the FSA first, since employees lose 100 percent of their unspent FSA funds at the end of each plan year, while HRA funds can carry over. Employers can also choose to allow employees to carry over up to \$500 of their unspent FSA funds.

2. Is there a group size requirement?

No.

3. When do I provide the deposit for the account?

Humana requests that customers provide the deposit for the account after enrollment but before the effective date. If a customer doesn't provide the deposit before the effective date, Humana must wait until the funds are in place to begin paying HRA claims. It is best to provide the deposit two weeks prior to your effective date.

4. How often does Humana use the funding account to pay claims?

As frequently as every day. Humana deducts the sum of all card swipes and check disbursements to cover transactions as they occur.

5. Can I replenish the account by wire transfer, check or some method other than ACH?

No. At this time, Humana requires ACH funding of the disbursement account.

6. What reports does Humana provide?

Humana emails these reports to the employer's designated representative either monthly or quarterly, as specified in the Adoption Agreement and free of charge:

- **Disbursement report** – lists checks, direct deposits, card swipes and credit totals.
- **Claim register report** – lists specific transactions such as claim type, date, claim amount, etc.
- **Balance summary report** – provides a summary of all of the account balances for your employees.

7. Can I monitor the funding of the account?

Yes, by signing in to our Spending Account Employer Portal at www.HumanaAccess.com

8. What happens if an employee has funds in his or her personal HRA, but the employer's funding account is empty?

Humana's finance administration team contacts you, the employer, and "turns off" Humana Access cards until sufficient funds are available. Once you bring the disbursement account back up to the pre-funded deposit level, Humana reinstates HRA administrative services within 48 to 72 hours and resumes processing all claims.

HRAs are not an insured benefit. They are a service administered by Humana Insurance Company.

