

HEALTH REIMBURSEMENT ARRANGEMENTS (HRA)

HRA's are funded by employer credits with specific dollar amount per each employee and not provided pursuant to salary reduction election.

HRA's reimburse the employee for medical care expenses (as defined by 213(d) of the Internal Revenue code) incurred by the employee and the employee's spouse and dependents (as defined in 152). Provides reimbursements up to a maximum dollar amount for a coverage period defined by The Plan Document.

HRA's are allowable for reimbursements of paid premiums for accident and health coverage for current employees, retirees and COBRA qualified beneficiaries.

HRA's do not specify what type of insurance is offered or even if there is an insurance plan in place. The existence of insurance is not a requirement for the establishment of an HRA.

HRA's and FSA's can be combined if FSA funds are paid first.

Employer contributions to an HRA are tax deductible on paid claims. Unused funds can be rolled over from plan year to plan year if so desired by the employer.

ALL funds in an HRA belong to the employer and only the employer can contribute.

All applicable COBRA laws apply to HRA's. COBRA participants must be treated the same as active employees for HRA benefits.

Sole proprietors, partners, members of LLC, LLP, or individuals owning more than 2% of an S Corporation, may not participate in an HRA.