

HRA Frequently Asked Questions

10/11

HRA Descriptions

What is an HRA? How does it work?

A health reimbursement arrangement (HRA) is an employer-provided tax-sheltered arrangement that allows individuals to pay for qualified medical expenses. It is not a bank account. The HRA works in conjunction with GEHA Health Savings AdvantageSM high-deductible health plan (HDHP) when the covered individual is not eligible for an HSA to cover qualified medical expenses prior to meeting the deductible. Neither HRA credits nor distributions for qualified medical expenses are taxed.

Eligibility

Who is eligible for a health savings account (HSA) and who qualifies for a health reimbursement arrangement (HRA)?

To be eligible for an HSA or an HRA, you must first enroll in a high-deductible health plan such as GEHA's Health Savings Advantage HDHP. Then, to be eligible for an HSA, you must not have Medicare or have any other health coverage that is not a qualified high-deductible health plan, including coverage under a spouse's health plan or flexible spending account (FSA). A member who is not eligible for an HSA will default to the HRA.

EXAMPLE 1: Member elects family coverage with GEHA Health Savings Advantage HDHP plan and wishes to open an HSA. Member's spouse has a family policy with an HMO and no deductible. This member does not qualify for an HSA.

EXAMPLE 2: Member has a health care flexible spending account through FedFlex. This member does not qualify for an HSA.

EXAMPLE 3: Member has a limited health care flexible spending account through LEXFSA. This member does qualify for an HSA.

EXAMPLE 4: Member elects family coverage with GEHA Health Savings Advantage plan and wants to open an HSA. Member's spouse has an FSA that is limited to dental and vision only. This member does qualify for an HSA.

If you have questions about whether you are eligible for an HSA, please contact the HSA Bank at (866) 471-5964 (toll-free) or GEHA at (800) 821-6136. If you are calling from outside the United States, you may call the HSA Bank at (920) 803-4100, extension 34101. Or, call GEHA's dedicated overseas toll-free number, (877) 320-9469 (You must first call the AT&T Direct® access number for the country from which you are calling.).

What is a high-deductible health plan?

A high-deductible health plan (HDHP) is a health plan to provide insurance coverage for qualified medical expenses. The IRS requirements for a HDHP with an HRA are different from that required of the HSA-qualified HDHP. GEHA's deductible for 2012 is \$1,500 Self Only with an out-of-pocket maximum of \$5,000, or \$3,000 for Self-and-Family coverage with an out-of-pocket maximum of \$10,000.

How do I set up my HRA with GEHA?

First, you must participate in our high-deductible health plan – GEHA Health Savings Advantage. Return the enrollment questionnaire mailed to you. GEHA will then set up and contribute to your HRA.

Benefits of an HRA

What are the tax benefits of an HRA?

Contributions made to your HRA are 100 percent employer-funded, so they are free of federal, state and FICA taxes. The distributions for medical expenses are also tax-free.

How can an HRA plan save me money?

An HRA plan may save you money through both lower premiums and tax-free medical reimbursements.

Contributions

How much can I contribute to my HRA?

None. Contributions are employer-only, made through GEHA premiums as a plan benefit. For the 2012 plan year, GEHA will make a contribution early in the year of \$750 for each Self Only enrollment or \$1,500 for each Self-and-Family enrollment in the HDHP. This entire annual amount will be credited to the HRA at the beginning of the plan year, allowing for immediate access to the funds. GEHA assumes the individual will be enrolled for the entire plan year. However, individuals who terminate employment or otherwise leave GEHA's HDHP will not be entitled to the entire contribution. The amount will be prorated for the months enrolled in the plan. If a member leaves during the plan year after using the entire plan year allotment, he or she will be responsible for returning the overpayment for the number of months remaining in the plan year.

Reimbursement

How will the HRA be paid out?

You will be automatically reimbursed for your deductible or qualified out-of-pocket expenses up to the amount of your HRA balance when you or your provider submits a claim to Health Savings Advantage HDHP. For any items allowable as eligible medical expenses under the HRA, but not the HDHP, you may submit a GEHA health reimbursement form (GE-HRA). These forms are provided in your enrollment packet and on our website at www.geha.com.

Qualifying Expenses

When can I use my HRA?

You can use funds as available to reimburse yourself for your or your covered dependent's deductible or other out-of-pocket medical expenses.

What expenses qualify for payment?

Expenses qualifying for reimbursement are determined by GEHA's benefit design. GEHA's HRA allows reimbursement for any qualified medical expense under Internal Revenue Code Section 213(d). See IRS Publication 502 for more details or a more complete list. Below is a partial list of items that qualify for reimbursement:

- Deductibles
- Coinsurance
- Copayments
- Prescriptions
- Dental care, orthodontia
- Doctor's fees
- Hearing aids
- Chiropractic care
- Long-term care services or insurance
- COBRA coverage/insurance
- Medicare expenses (Part B or D premiums, but not Medigap)

NOTE: You will not be allowed to withdraw funds for non-qualified expenses.

Claims Filing

Will I have to pay out of my pocket at the time of service?

You do not have to pay at the time of service when you see a health care provider. Your provider submits your claim to GEHA, and then GEHA applies network discounts to the bill. GEHA will pay any amount below the deductible up to the maximum in your HRA. You will receive an explanation of benefits (EOB) showing your HRA balance.

The exception to this payment arrangement is at a pharmacy. Present your GEHA identification card to receive the discount, pay the balance and then submit the claim to GEHA for reimbursement determination.

When should I submit my claim forms for the HRA?

There is no need to submit a claim form for your HRA if the claim has been sent to GEHA's Health Savings Advantage high-deductible health plan. If you have not met your deductible, claims will be reimbursed from the HRA automatically. Sending claims to GEHA before you pay the provider assures that the appropriate amounts will be attributed to your deductible and that you will receive the network discount. Be sure to receive the network discounts, whether you are receiving pharmacy, vision, medical or dental care.

With medical claims, wait until you receive the explanation of benefits (EOB) and reimburse the provider based on the balance noted under "your responsibility."

Subject to timely filing requirements, individuals may apply for reimbursement from their HRA funds for any qualified medical expenses incurred during the period of time they were enrolled in the HDHP and HRA.

Where do I send my claim forms for the health plan?

Your provider should send claims to GEHA for you so that the appropriate amounts will be attributed to your deductible. It also assures that the appropriate network discount will be applied.

If you are using a non-PPO provider who requires you to submit the claim form yourself, please forward to GEHA, P.O. Box 168, Independence, MO 64051-0168. Claim forms are available on our website at www.geha.com.

GEHA's Health Savings Advantage HDHP

Do I have to use my HRA to pay for my annual physical or flu shot?

No. For adults, preventive care from a qualified provider within GEHA's network of providers is covered at 100 percent under GEHA's Health Savings Advantage HDHP. Preventive care for children is covered at 100 percent. Preventive care includes annual physicals, routine adult immunizations, childhood immunizations and cancer screenings.

Is any dental care provided with this plan?

Yes. Two oral evaluations, two dental cleanings, two topical fluoride treatments, \$150 of X-rays, limited restorations and extractions are covered at 50 percent of the GEHA-allowable fee schedule.

Is any vision care provided with this plan?

Yes. Annual exams, contact lenses* and standard lenses are covered when you see an Avesis network provider.

*standard, medically necessary

Do I have to see a network provider with this plan?

No. You can use any doctor, hospital or provider, but you will save money by seeing an in-network provider. Please view our list of providers at www.geha.com.

How will GEHA identify if I have other coverage and if the other coverage is or is not an HDHP?

You will complete and submit a questionnaire, included in your enrollment kit, which will advise GEHA of other coverage. When submitting a health reimbursement (GE-HRA) form, you must certify that your medical expenses claimed under the HRA have not been reimbursed and will not be reimbursed under any other plan or arrangement covering that expense.

I am enrolled in GEHA's HRA plan. How do I know what retail pharmacies are participating?

The pharmacy network is the same as is currently used for the High Option and Standard Option plans. You may find a participating pharmacy by visiting www.geha.com or by calling the GEHA Prescription Drug Hotline toll-free at (800) 551-7675 to access the voice-activated, 24-hour Pharmacy Locator System.

Do my prescription expenses apply to the catastrophic plan limit?

Yes. The amount you pay for allowed prescription expenses is applied to the catastrophic limit that includes the deductible and the coinsurance.

Does it matter if I use mail-order or retail?

You may use either. However, the advantage of using mail-order is that up to a 90-day supply can be obtained, as opposed to a 30-day supply at retail. Mail-order is recommended for medications you take on an ongoing basis. Additionally, you may experience savings, overall, by going through the mail-order pharmacy. To obtain a price quote, contact Medco at (800) 551-7675.

Is my pharmacy deductible separate from my medical deductible?

No. Pharmacy and medical expenses apply to the same deductible.

I am very close to meeting my Self Only calendar year deductible. Will the retail pharmacy know they should not charge the full price for the next prescription I have filled?

Yes. When the retail pharmacy submits your next claim, you will be charged the remainder of your deductible and 25 percent of the balance of the prescription in 2012.

Example: If you are \$25 from meeting your deductible, and you have a \$100 prescription filled, you will pay a total of \$43.75 (\$25 deductible plus \$18.75, which is 25 percent of \$75).

Who do I call if have a question about my high-deductible health plan?

Questions regarding your health plan can be directed to:

GEHA
P.O. Box 168
Independence, MO 64051-0168
(800) 821-6136

Carryover of Funds

What happens to HRA amounts not used at the end of the year?

Unused funds carry over to future years without limit to the accrual amount.

What happens to this fund if I terminate my employment with the federal government or switch plans?

Subject to timely filing requirements, individuals may apply for reimbursement from their HRAs for any qualified medical expenses incurred during the period of time they were enrolled in the HDHP and HRA. Any remaining funds are forfeited.

The HRA funds are credited to the HRA at the beginning of the plan year, allowing for immediate access to the funds. GEHA assumes the individual will be enrolled for the entire plan year. For individuals who terminate employment or otherwise leave GEHA's HDHP, the amount will be prorated for the months enrolled in the plan. If a member leaves during the plan year after using the entire plan year allotment, he or she will be responsible for returning the overpayment for the number of months remaining in the plan year.

General Questions

Who administers this HRA?

GEHA administers the health reimbursement arrangement and HDHP. If you have questions, contact GEHA at (800) 821-6136.

What fees will I pay for the HRA?

There are no set-up or administrative fees.

Is my money safe in this account?

This isn't a bank account. It is a credit from a premium pass-through that can reimburse you for qualified medical expenses for yourself and your enrolled dependents.

What interest rate is earned on the health reimbursement arrangement?

Interest is not earned on the HRA.

What if my medical expenses are more than my health reimbursement arrangement balance?

You will pay any difference between the balance in your HRA and the deductible. After the deductible is met, traditional PPO health coverage would be applied through GEHA's Health Savings Advantage according to the plan benefits.

What does the IRS require me to report on my taxes concerning my HRA?

Nothing. Your HRA is a health benefit.

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