



**2016 Health Reimbursement Arrangement (HRA)  
Frequently Asked Questions**

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## Indiana University Health

### 2016 Health Reimbursement Arrangement (HRA) Frequently Asked Questions

#### What is a Health Reimbursement Arrangement Plan?

A Health Reimbursement Arrangement (HRA) is an IRS-approved, employer-sponsored account that helps plan participants pay for medical expenses incurred before the deductible is met. The IU Health HRA plan offers advantages similar to the HSA-based plans (deductible, coinsurance and out-of-pocket maximum amounts are the same), but is especially suitable for team members 65 and older on Medicare plans, military insurance plans and other types of coverage that precludes them from receiving IU Health HSA contributions or depositing pretax dollars to an HSA account. The HRA plan also has some aspects of the traditional PPO plan, in that it offers copays for pharmacy expenses and individual deductibles.

#### How does an IU Health HRA work?

Team members enrolled in the IU Health HRA Medical Plan are responsible for paying the **full** cost of services for themselves and their enrolled dependents prior to meeting the deductible – with the exception of eligible pharmacy expenses and specific qualified preventive care services – but they will receive an IU Health HRA credit towards their deductible (the deductible is reduced – **to \$0 once the HRA credit is applied – for full-time team members in salary tier 1 if the care is provided by an IU Health provider/facility**). *Note: The HRA credit does not apply toward pharmacy expenses. The pharmacy copay/coinsurance does not apply to the deductible, but does apply toward out-of-pocket maximums.*

Team members are responsible for meeting a specified portion of the deductible prior to accessing the HRA credit. The IU Health HRA credit will help cover the remaining portion. It will reimburse the deductible amount over:

- \$800 (Individual) / \$1,600 (Family) for care received from an IU Health provider or facility
- \$1,300 (Individual) / \$2,600 (Family) for care received from an Encore/PHCS provider or facility
- \$1,800 (Individual) / \$3,600 (Family) for care received from an out-of-network provider or facility

Once your claims reach the specified deductible amount, IU Health Plans will issue you a reimbursement check for eligible expenses above the adjusted deductible amount as described above (not to exceed \$700 per Individual, up to \$1,400 if enrolled in Family coverage). **You will be responsible for paying your provider.**

#### What are the advantages of an HRA?

There are many advantages to establishing an HRA, including:

- Premiums are deducted on a pre-tax basis, saving you money on taxes.
- Premiums are lower than the traditional PPO Plan.
- It is suitable for team members enrolled in Medicare plans, military insurance or any other medical plans.
- Deductibles are individual; you do not have to meet the full family deductible to access the credit.
- Pharmacy charges are copays, not the full cost of the medication.
- You can participate in a traditional health care flexible spending account (HCFSAs) plan (up to \$2,550 annually) to pay for eligible medical, dental and vision expenses.
- You will be automatically enrolled in Accident and Critical Illness plans, paid for by IU Health.

#### How much can I contribute to an HRA?

HRA plan participants are **not eligible** to contribute pretax dollars to their HRA. However, you are eligible to enroll in a traditional health care flexible spending account to set aside pretax dollars to pay for eligible medical, dental and/or vision expenses.

**Do I have to meet my deductible before I can pay the copay/coinsurance amount for medications?**

No. HRA plans have copayments/coinsurance for prescriptions; therefore, you do not have to meet your annual deductible prior to only paying the copayment/coinsurance cost of the prescription.

**Does my prescription copayment/coinsurance apply to my deductible?**

No. Your prescription copayment/coinsurance does not apply toward your deductible, but does apply to the out-of-pocket maximum.

**When will I receive an HRA credit?**

Once you have met a specified portion (see “How does an IU Health HRA work?” above for amount) of your deductible, the IU Health HRA credit will help cover the remaining portion.

**How much of an HRA credit will I receive?**

The amount of your HRA credit will depend on whether you select the “Employee Only” coverage option or one of the family options (Employee and Spouse / Domestic Partner, Employee and Child(ren) or Family):

- \$700\* (Employee-only coverage)
- \$1,400\* (Family coverage)

*\*Amount will be prorated on a quarterly basis depending on when coverage begins.*

Unused “credits” roll over from year to year (up to a maximum of \$5,000) and may be accessed as long as you continue to be enrolled in the IU Health HRA Medical Plan.

**How do I get reimbursed for my expenses after I meet my deductible?**

Once your claims reach the specified deductible amount IU Health Plans will issue you a reimbursement check for eligible expenses above the adjusted deductible amount. In some cases, you may receive the IU Health reimbursement check before you even receive a bill from your provider.

**What happens to the money in my HSA account if I switch to the HRA plan?**

Your money will remain in your HSA and may be used to pay for eligible medical, dental and vision claims.

**Using Your HRA**

**If I am enrolled in IU Health HRA plan and I see a doctor for treatment (not a preventive visit), am I charged the typical copayment for the visit, or am I responsible for paying the full charge?**

You are responsible for the full amount charged until you have met your deductible. Only then will copayments and coinsurance apply.

**If I am enrolled in the IU Health HRA plan and I see a doctor for preventive care services, am I charged the typical copayment for the visit, or am I responsible for paying the full charge?**

Preventive services are covered at 100 percent if care is provided by an IU Health or Encore/PHCS provider/facility

**If enrolled in HRA family coverage, do I have to meet the full family deductible before coinsurance begins?**

No. You do not need to meet any more than an individual deductible before coinsurance begins for a covered member.

**Are dental and vision care qualified expenses under an HRA?**

No. The HRA credit only applies toward your deductible for eligible medical expenses.

**Managing Your HRA**

**What happens if my medical expenses do not reach my deductible?**

Balance carries over year to year (up to a maximum of \$5,000).

**Rollovers/Transfers**

**Can I roll over or transfer funds from my HSA into my IU Health HRA?**

No. The HRA is an employer-funded account. Members are not eligible to contribute to their HRA.