

Health Reimbursement Arrangement

Employer Presentation

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Health Reimbursement Arrangement

- What is a Health Reimbursement Arrangement (HRA)?
 - An HRA is an account funded by employers to reimburse employees for specified healthcare-related expenses.
 - Expenses that are not covered by an insurance plan (i.e. co-pays, deductibles) can be reimbursed
 - Expenses can be limited to specific scenarios (i.e. in-network expenses only)
 - Any expenses allowed under Section 213 (d) can be reimbursed.

Health Reimbursement Arrangement

- Benefits of an HRA for the Employer
 - Allows the employer to lower fixed premium costs by increasing the potential out-of-pocket scenarios (i.e. co-pays, deductibles and coinsurance)
 - Premium Savings are used to help the employer offset some or all of the potentially higher out-of-pocket expenses
 - Employer can limit eligible expenses to specific scenarios (i.e. in-network deductible only)
 - Unused monies can return to the employer at the end of each plan year or can be rolled over to future plan years
 - Employer holds all the money until expenses are actually incurred, in most instances
 - Employer obtains 100% tax deduction on any distributed monies
 - Funds are available all at once or in equal portions throughout the plan year allowing the employer to budget for payments made to employees

Health Reimbursement Arrangement

- Benefits of an HRA for the Employee
 - Reimbursement money comes from only the employer
 - Reimbursements available by check, direct deposit or debit card
 - No financial commitment on the part of the employee
 - Employee does not pay tax on any reimbursements, nor are there any reporting requirements on personal tax returns

Health Reimbursement Arrangement

- Types of HRA's
 - Bridge
 - Comprehensive
 - Limited
 - Insurance Only

Health Reimbursement Arrangement

- **Types of HRA's**

- **Bridge**

- Offered alongside a high deductible medical plan
- Only medical expenses applied to the employee's deductible would be eligible – providing a bridge between out-of-pocket expenses and insurance coverage

- **Comprehensive**

- All medical expenses not covered by an insurance plan are eligible (i.e.- co-pays, deductibles, insurance premiums, dental and vision services and over the counter drugs)
- Can be used in conjunction with a high deductible plan or as a stand alone product

Health Reimbursement Arrangement

- **Types of HRA's**

- Limited

- Limited to a certain type of expense, such as vision or dental, would be eligible. An employer can also choose to cover only a particular medical expense such as prescription or over the counter medication

- Insurance Only

- Only premiums for insurance provided by the employer or individually owned health insurance and long-term care insurance policies are eligible expenses

Health Reimbursement Arrangement

- **Outsourcing the administration provides the following for the employer:**
 - Elimination of HIPAA compliance requirements
 - Elimination of confidentiality issues
 - Reduction of administrative burden
 - Timely and accurate reporting
 - Better management information
 - Compliance advice on all pre-tax matters
 - Customized documentation
 - Continual updates on the latest tax regulations

Health Reimbursement Arrangement

- **Services Include:**

- Custom Employee Communication Materials
- Employee Education
- Annual Re-enrollment Process
- Employer Access
- Customer Service Support
- Claim Adjudication and Reimbursement
- Multiple Funding Service Options
- Multiple Employee Reimbursement Options
- Debit Card Capability
- Plan Document and Summary Plan Description
- Management Reports
- Employee Reports
- Discrimination Testing
- Form 5500 Preparation

Health Reimbursement Arrangement

- Custom Employee Communication Materials (hard copy and electronic):
 - Enrollment forms
 - Direct deposit forms
 - Claim filing instructions
 - Claim forms
 - Eligible expense categories
- Employee Education
 - On-site initial enrollment meetings
 - Hard copy enrollment education brochures
 - Direct access to claim examiners for specific questions
 - On-line question and answer

Health Reimbursement Arrangement

- Annual Re-enrollment Process

- On-site education meetings
- Hard copy enrollment education material
- Custom enrollment materials, including:
 - Enrollment forms
 - Choice of on-line enrollment, paper enrollment or combination of both
 - Updated claim filing instructions
 - Updated list of eligible expense categories

- Employer Access

- Direct access to senior management of VantagePoint from inception
- Unique web portal for complete management of the program:
 - Custom reporting
 - Eligibility review and updates
 - FAQ section
- Employer may receive information by phone, fax, email, internet, or any combination thereof

Health Reimbursement Arrangement

- Customer Service Support
 - Direct access to the claim examiners during normal business hours
 - 24 hour telephonic account review
 - 24 hour internet access through secured web-site
 - Current claim tracking
 - Claim history
 - Submit personal information changes (i.e. address changes)
 - FAQ section
 - Employees may use any of these access points to gain their requested information
- Claim Adjudication and Reimbursement
 - Daily adjudication
 - Weekly disbursement
 - Instantaneous reimbursement via debit card
- Multiple Funding Service Options
 - Claims made basis
 - Direct contribution feed
 - Imprest account

Health Reimbursement Arrangement

- Multiple Employee Reimbursement Options
 - Check mailed to the employee home
 - Direct deposit to employee directed bank account
 - Use of debit card
- Debit Card Capability
 - Debit card can be paid either by the employer or the employee
 - Reminder notices sent directly to participant if substantiation is required
 - New IAS requirements will virtually eliminate the substantiation requirement or the release of funds for ineligible expenses.
- Plan Document and Summary Plan Description
 - Unlike a prototype document, employer may customize the plan parameters
 - Custom document reviewed with and approved by management

Health Reimbursement Arrangement

● Management Reports

- Employer may receive reports by phone request, by fax, by email or direct access via the website. Reports include, but not limited to:
 - YTD
 - Eligibility
 - Employee statement summaries
 - Debit card tracking
 - Disbursement check register
- Administrative guidelines packet
- Implementation summary verifying all enrollees and payroll contributions

● Employee Reports

- Employee contributions, payments and balances are reported on all outgoing employee statements and reimbursements

● Discrimination Testing

- Performed annually according to the latest IRS regulations

● Form 5500 Preparation (when necessary)

- Signature ready form prepared within the required seven months of the end of the plan year

Health Reimbursement Arrangement

- **Claim Adjudication:**
 - Claim form and instruction sheet furnished for each employee/participant
 - Claims for reimbursement are:
 - Processed daily
 - Posted weekly
 - Incomplete or incorrect claim submission
 - Phone call or email request, when possible, is sent to the employee for the required information.
 - If this is not possible a custom letter is mailed to the claimant requesting the missing or corrected information
 - On the reimbursement cycle date, all claims received to date are posted and released
 - If funds are short a request to the employer is made.
 - Direct deposit reimbursement is made directly to the participant's designated account.
 - Reimbursement checks are mailed directly to the participant's designated home address.
 - For employees choosing the debit card option, monies are available instantaneously

Health Reimbursement Arrangement

Claim Reimbursement:

- Claims Made Basis
 - Claim funds are withdrawn from an employer-specified account coinciding with the *disbursement* schedule
 - Check reimbursements are posted weekly and signed by VantagePoint
 - Reimbursement checks are mailed directly to participants or direct-deposited via ACH
 - All bank reconciliations are performed by VantagePoint
- Direct Contribution Feed
 - Claim funds are withdrawn from an employer-specified account coinciding with the *payroll* schedule
 - Check reimbursements are posted weekly and signed by VantagePoint
 - Reimbursement checks are mailed directly to participants or direct-deposited via ACH
 - All bank reconciliations are performed by VantagePoint
- Imprest Account
 - An agreed upon amount is funded by the employer up-front. This minimum balance is maintained throughout the plan year
 - Check reimbursements are posted weekly and signed by VantagePoint
 - Reimbursement checks are mailed directly to participants or direct-deposited via ACH
 - All bank reconciliations are performed by VantagePoint
- Client Bank Account
 - Claim reimbursement funds are administered through an employer bank account.
 - Check reimbursements are posted weekly and are signed utilizing the employer's scanned signature
 - Reimbursement checks are mailed directly to participants or direct-deposited via ACH
 - A check register is made available to the employer on the cycle date or online at any time.

Health Reimbursement Arrangement

- Base Services
 - Eligibility transactions
 - Contribution processing
 - Claims adjudication
 - Weekly disbursements
 - Management reports
 - Maintenance and storage of all data
 - Direct customer service access
 - Web-site access
- Initial Set-up Services
 - Plan set-up
 - Enrollment kits for all eligible employees
 - Plan document and SPD creation
 - One (1) employee enrollment meeting (additional meetings provided at the half-day rate of \$250 each-local area)
- Renewal Plan Years
 - Includes base services listed above, plus
 - Plan document modifications
 - Re-enrollment, including one on-site meeting
 - Discrimination testing
 - 5500 preparation
- Fees
 - Base Services: \$6 per participant per month (\$95 monthly minimum)
 - Initial Set-up Services: \$995 one time charge
 - Renewal Plan Years: \$595 due upon plan renewal date
 - Debit card fee (includes a card for spouse/college age dependent): \$1.50 per employee/per month
 - First 100 hard copy enrollment brochures are included for free each year. Additional packets are charged at cost. Electronic enrollment materials are included free of charge

VantagePoint Benefit Administrators

a division of J. Peat & Associates, Inc.

J. Peat & Associates was formed in 1994. VantagePoint Benefit Administrators was created in 2003 to help our clients maximize the use of tax-advantaged programs. We currently provide employee benefit administrative services to thousands of employees covering professional associations, private employers, unions and municipalities. We guarantee flexible solutions and personal, custom services to all of our clients, ensuring that you will receive the most appropriate program at inception and continual support and advice that will exceed your expectations. Some of our services include:

- COBRA Administration
- Flexible Spending Administration
- Section 105 Administration
- Health Reimbursement Account (HRA) Administration
- Section 132 Transit Reimbursement
- Health Saving Account (HSA) Administration