

Health Reimbursement Arrangement Q&As

What are HRAs and who can have them?

1. What is a Health Reimbursement Arrangement (HRA)?

A Health Reimbursement Arrangement (HRA) is an employer-sponsored plan that can be used to reimburse a portion of your out-of-pocket medical expenses, such as deductibles, coinsurance and/or copays for you and your eligible family members. It is a financial reimbursement arrangement funded entirely by your employer that is paired with your medical plan.

2. What are the tax advantages of an HRA?

Reimbursements made from your employer through the HRA are not considered part of your income and are not taxed.

3. How do participants benefit from an HRA plan?

The HRA plan benefits participants by allowing them to be reimbursed up to a specified amount each year for certain eligible health care expenses. Each dollar that goes into the plan is provided by the employer for the purpose of health care expenses, so the benefit is free from federal, state and Social Security taxes.

4. What are the tax benefits of an HRA?

Contributions made to your HRA are 100 percent employer-funded, free of federal, state and FICA taxes. The distributions for medical expenses are also tax free. An HRA plan may save you money through lower premiums and tax-free medical reimbursements.

5. Who owns the HRA?

Your employer owns the arrangement and determines the scope of how it is set up and used — including the amount you and each employee will receive. The HRA is not portable; if you change jobs, the arrangement and any funds stay with the employer.

6. Who can contribute to an HRA?

Only your employer can contribute pre-tax or tax-deductible dollars to your HRA.

7. How can HRA funds be used?

Your employer may decide what types of medical expenses can be reimbursed through the HRA. Typically, reimbursable expenses can include deductibles, copays, coinsurance costs, prescription drugs or other types of out-of-pocket costs. Contact your employer or check your Evidence of Coverage or summary plan description materials for details about your specific HRA.

8. How can I be reimbursed for out-of-pocket expenses?

Most HRA programs allow for payment card issuance to provide for a convenient way to pay for eligible expenses. In the event you can not use your payment card, you can file a claim in two ways:

- File an online claim. First, log in to your account. Click on the file claim link on your home page and walk through the steps to enter the details of the claim.

Once you have filed your claim, you must agree to the terms and conditions and click the Submit button. To complete the reimbursement process, send your confirmation page along with your supporting documentation to us.

- File your claim using the HRA Reimbursement Request Form (see Forms on our website). Follow the provided instructions to complete this form. Claims and copies of your supporting documentation can be submitted via email, fax or mail.

Email: mycdh@healthaccountservices.com

Fax number: 1-888-403-5029

Mail: Optum c/o Health Account Services
P.O. Box 6122 Fargo, ND 58108-6122

Accountholder responsibilities

9. What happens if I don't cash my reimbursement check?

We use a positive pay system to ensure only valid reimbursement checks are processed. A file is sent to Optum on a daily basis. Only checks that match the file are processed. Checks remain on the positive pay file for 180 days. An exceptions list is sent to Optum daily, showing checks presented for payment that do not match the file.

10. If I change employers, what happens to my HRA?

If you leave the company or move to a different employer, your HRA does not go with you. Since your employer funds the HRA, your employer owns any amount that remains after you leave. An exception may be if you elect COBRA continuation coverage.

Check your plan details for more information.

11. Do I still need to keep my receipts and documentation for prescriptions and office visits, plus the Explanation of Benefits that are sent to me?

Yes. Throughout the year, you should keep your original receipts and documentation for prescriptions and health-related expenses for all transactions (including payment card transactions), so you'll have them if needed to verify a claim. The IRS requires that all transactions be validated, including the payment card transactions.



In most cases involving payment card transactions, the electronic data we already have will be sufficient to accommodate this requirement. If we need additional documentation, we'll contact you and you'll be asked to provide documentation with receipts. Failure to respond promptly to a request can result in the expense being labeled as "ineligible," in which case, you would be obligated to reimburse your account. In addition, your payment card could become deactivated.

12. Is there a daily transaction limit on my card?

For your protection, there is a \$3,000 daily transaction limit on your card, regardless of your account balance. It can temporarily be increased, upon request, by calling Optum.

To learn more, call Optum Consumer Services at the number on the back of your payment card.

Representatives are available Monday–Friday, 8:00 a.m.–8:00 p.m. EST.

FSA/HRA services are provided by OptumHealth Financial Services. This communication is not intended as legal or tax advice. Please contact a competent legal or tax professional for personal advice on eligibility, tax treatment, and restrictions. Federal and state laws and regulations are subject to change.



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