



Center for Health

HealthFlex Health Reimbursement Account Frequently Asked Questions

OVERVIEW

Q: What is a health reimbursement account (HRA)?

A: An HRA is an Internal Revenue Service (IRS)-approved program that allows employers to provide tax-free dollars to reimburse eligible medical expenses incurred by participating employees to offset health care costs. HealthFlex allows HRA balances to be rolled over from year to year, somewhat like a savings account, with no limit to the amount rolled over. As long as there is money remaining in your HRA, the HealthFlex HRA reimburses all eligible expenses covered by a medical reimbursement account (MRA) that are not already paid by the participant's medical plan benefit design, such as your share of out-of-pocket costs for deductibles, co-payments and co-insurance.

Q: How does money get put into my HRA?

- A:**
- *If you are in the C2000 HealthFlex consumer-driven health plan (CDHP):* \$1,000 is funded annually for individual coverage each year you are enrolled in the C2000. The HRA will be funded with an additional \$1000 annually if you have any dependents covered by the C2000 (maximum annual HRA contribution total: \$2,000 per family).
 - *If you are in the C3000 HealthFlex CDHP:* \$500 is funded annually for individual coverage each year you are enrolled in the C2000. The HRA will be funded with an additional \$1000 annually if you have any dependents covered by the C2000 (maximum annual HRA contribution total: \$1,000 per family).
 - *If you are in a HealthFlex PPO plan:* If your plan sponsor chose a plan design that includes an HRA, the HRA will be funded at the specified rate. Check with your plan sponsor for details.
 - *If your HealthFlex plan sponsor chose to fund an HRA based on completion of its own incentive programs:* The incentive contribution amount for the HRA is determined by the plan sponsor. Check with your plan sponsor for details.

Q: Is the HRA funded with the same amount for mid-year enrollments?

A: Yes. Regardless of the enrollment date, the HRA is funded with the appropriate amount annually for individual and family coverage based upon the plan design. Plan sponsors that offer an incentive-based HRA outside of HealthFlex will have discretion for mid-year HRA deposits.

Q: Can I contribute money to my HRA?

A: No. Only your employer (plan sponsor) or HealthFlex can contribute dollars to your HRA. As a participant, you cannot contribute your own money to the HRA.

Q: What happens to the unused portion of my HRA after the plan year?

A: At the end of the plan year, unused HRA funds are rolled over to your HRA for the next plan year.



Q: Is there a limit to how much money can accumulate when unused HRA funds are rolled over?

A. No. There is no HRA rollover limit.

Q: What happens to my HRA if I leave HealthFlex voluntarily or terminate HealthFlex coverage without continuation coverage?

A. Upon voluntary termination from HealthFlex, any remaining HRA balance will be available for you to use until the account is exhausted.

Q: What happens if I terminate employment from my plan sponsor?

A. Upon termination from your plan sponsor, any remaining HRA balance will be available for you to use for up to one year after the termination date.

Q: What happens to my HRA if I leave HealthFlex voluntarily or terminate without continuation coverage and enroll in medical coverage through the public Health Insurance Marketplace (also known as an exchange) under the Affordable Care Act (ACA)?

A. Upon voluntary termination from HealthFlex or termination from your plan sponsor (for a clergy person, when you terminate your service with The United Methodist Church), any remaining HRA balance will be available for you to use for up to one year after the termination date. After one year, your balance will be returned to the plan. You may wish to change the nature of your HealthFlex HRA if you are otherwise eligible (e.g., you are a U.S. citizen or resident and have an eligible income level for your family size) to take advantage of federal assistance toward the purchase of a Marketplace plan. This federal assistance is called a premium tax credit (PTC). However, eligibility for a PTC may be prohibited if you are covered by a full-use HRA, like the one you had under HealthFlex. Having an HRA balance with HealthFlex causes you to have “minimum essential coverage” under the ACA, which renders you ineligible for a premium tax credit. If you wish to prevent being made ineligible for the premium tax credit, you can request to “opt out” of your HRA entirely (i.e., forfeit the remaining balance), or you can request to have your HRA converted to a “limited-use” HRA that can be used only for limited purposes, such as vision and dental expenses, which are “excepted benefits” under the ACA.

Q: What happens to my HRA if I leave HealthFlex voluntarily and have continuation coverage?

A. Upon termination from HealthFlex, the HRA balance will remain throughout your continuation coverage period and until it is exhausted (if a balance remains after the continuation coverage ends).

Q: What happens to my HRA if my Plan Sponsor ceases to sponsor HealthFlex?

A: The HRA balance will remain available for you to use until it is exhausted or until you terminate from the plan sponsor. Upon termination (for a clergy person, when you terminate your service with The United Methodist Church), any remaining HRA balance will be available for you to use for up to one year after the termination date.

Q: What happens to my HealthFlex HRA if I am reappointed to a non-HealthFlex conference?

A. The HRA balance will remain available for you to use until it is exhausted or until you terminate from the plan sponsor. Upon termination (for a clergy person, when you terminate your service with The United Methodist Church), any remaining HRA balance will be available for you to use for up to one year after the termination date.

Q: What happens to my HRA if I enroll in HealthFlex with another plan sponsor?

A. The HRA balance will remain available for you to use until it is exhausted or until you terminate from the plan sponsor. Upon termination (for a clergy person, when you terminate your service with The United Methodist Church), any remaining HRA balance will be available for you to use for up to one year after the termination date.

Q: What happens to my HRA if I enroll in a HealthFlex plan that does not have an HRA attached to it?

A: The HRA balance will remain available for you to use until it is exhausted or until you terminate from the plan sponsor. Upon termination (for a clergy person, when you terminate your service with The United Methodist Church), any remaining HRA balance will be available for you to use for up to one year after the termination date. If you select a high-deductible health plan (HDHP) with a health savings account (HSA), you will need to convert any remaining HRA balance into a limited-use HRA. (Full-use HRA is not compatible with an HSA.)

Q: What happens to my HealthFlex HRA if I retire and move to a plan through OneExchange?

A: The HRA will be converted to a Retiree HRA, but will not be combined with any HRA you may receive through OneExchange. It will function exactly as your previous HRA, but you will also be allowed to use funds to pay for your health plan premiums, including medical, pharmacy, dental and vision premiums. The HRA will remain separate from an HRA through OneExchange.

Q: What happens to my HealthFlex HRA if I retire?

A: The HRA will be converted to a Retiree HRA. It will function exactly as your previous HRA, but you will also be allowed to use funds to pay for your health plan premiums, including medical, pharmacy, dental and vision premiums.

Q: What happens to my HealthFlex HRA if I retire as a clergy person, but then become employed as a lay participant?

A: If you do not qualify for health coverage as a lay participant and you retain your retiree health coverage, then your HRA will not be impacted. However, if you will have health coverage as an active employee (under a HealthFlex PPO or CDHP plan) and your HRA was already converted to a Retiree HRA, it will return to being an Active HRA—meaning that you cannot use the funds to pay for health plan premiums.

Q: What happens to my HRA if I retire and then return to an effective relationship with the conference?

A: If you do not qualify for health coverage as an active employee and you retain your retiree health coverage, then your HRA will not be impacted. However, if you will have health coverage as an active employee when you return to an effective relationship with the conference and your HRA was previously converted to a Retiree HRA, the HRA will return to being an Active HRA. As an Active HRA, you cannot use the funds to pay for health plan premiums.

Q: What happens to my HRA if my spouse or I become eligible for a retiree HRA while the other remains in HealthFlex?

A: If you or your spouse becomes eligible for a Retiree HRA, all funds currently in the Active HRA will be converted to a Retiree HRA for that person. Any funds in the Retiree HRA can be used to pay for eligible reimbursements for anyone [participant or dependent(s)] and can also be used for health plan premiums for the person with the Retiree HRA. The person(s) remaining in HealthFlex will have an HRA created (if eligible for one), and funds in subsequent plan years will be contributed according to the rules of the HealthFlex Plan. However, funds contributed to the Active HRA are not available to a person with the Retiree HRA.

Q: What happens to my HRA if I die and I have no covered dependents?

A: Any remaining HRA balance will be available for one year for claims run-out. After one year, any remaining HRA balance will be forfeited to the HealthFlex Plan.

Q: What happens to my HRA if I die and I have covered dependents?

A: Any remaining HRA balance will be available for your dependents to use while enrolled in HealthFlex. Once their coverage ends, any remaining HRA balance will be available for them to use for up to one year after the coverage termination date.