

HEALTH REIMBURSEMENT ACCOUNT (HRA)



As health care costs continue to rise, employers are looking for answers. You're looking for better ways to manage your costs and make the most of your health plan dollars. You also know it's important to get your employees fully involved in their own health and health spending. If this sounds familiar, Cigna's Health Reimbursement Account (HRA) may be an ideal solution. Our HRA gives employees more control, helping them become more aware of the true costs of health care. And as your employees are able to make more health-conscious – and cost-conscious – decisions, your company can see the savings.

HRA overview

The employer-funded health reimbursement account allows an employer to reimburse employees for health expenses not covered by the health plan, such as deductibles or coinsurance amounts. An HRA can benefit you because it helps you:

- Control health plan costs by motivating individuals to make sound decisions and purchases to maximize use of their funds.
- Control rising employee out-of-pocket expenses without restricting coverage.
- Include a cost-effective health care plan as part of your overall compensation package.
- Get more from your health care dollars and keep your money if an employee leaves the company.

HRA features

An HRA is a flexible offering that can be tailored to meet diverse needs, giving the employer more control of the plan design. Our HRA design helps ensure that individuals do not sacrifice care in

order to save money. The HRA, which complies with all IRS guidelines issued to date, can be offered along with a Section 125 Flexible Spending Account (FSA), an employee pretax savings account, at the employer's discretion.

Our HRA plan design includes the following:

- **Medical plan:** A qualified high-deductible health plan, with different plan design and funding options available.
- **Health Reimbursement Account:** The employer allocates a predetermined amount to individuals' accounts annually. Covered expenses are paid from the HRA at 100% until the HRA balance is exhausted. The HRA runs on either a calendar year or plan year basis (as selected by the employer). Employers can choose from several HRA coverage options. See "HRA coverage options."
- **Out-of-pocket expense, or FSA:** Once HRA funds are exhausted, individuals are responsible for the remaining deductible and other eligible out-of-pocket expenses, which can be paid with FSA funds, if available.

An HRA can be an effective way for employers to lower overall benefit costs and engage employees in making cost-conscious health care decisions.

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- **Preventive care:** Designated in-network preventive care is covered at 100% , not subject to a deductible. The preventive care benefit is part of the medical plan. This helps ensure that individuals receive preventive care without having to use HRA funds.
- **Pharmacy:** The optimal HRA plan design includes prescription drugs subject to the combined medical/ pharmacy deductible (MedPharm) benefit and cost shares. Other designs are available, including a tiered copayment plan (with or without a separate pharmacy deductible).

HRA coverage options

- **Reimbursable expenses:** Employers can choose from three levels of covered services.
 - The **standard option** covers the individual’s portion of services that are eligible under the medical plan, including deductible, copay and coinsurance. When paired with the combined deductible MedPharm benefit, the HRA automatically includes pharmacy expenses.
 - **Option one** includes all standard option coverage, and the employer can elect to cover additional treatment, such as physical therapy, chiropractic, vision and dental, among others.

- **Option two** includes all standard covered expenses and all approved Section 213(d) eligible medical expenses (except premiums).
- **Unused funds:** We recommend 100% roll over to promote the best consumerism experience and employee engagement in the plan.
- **Concurrent payment:** The concurrent payment option differentiates our plan from other HRA plan designs. By requiring individuals to be responsible for first-dollar coverage in addition to using their HRA funds, it engages them in their health care purchases and decisions. The concurrent option allows the employer to elect the reimbursement to be a certain percentage of the eligible expense. For example, if the employer elects a 50% reimbursement percentage, when the medical expense is \$80, the employee is responsible for paying \$40 and \$40 is paid from the HRA account. The debit card cannot be offered with concurrent payment.
- **Prior carrier roll over:** Rollover funds may be transferred from a prior carrier. You may want to allow for claim runout when determining the effective date of the credit.

Three ways to set up your Health HRA

HRA with AutoPay	HRA with Pharmacy Debit Card with AutoPay	HRA with Debit Card
 <p>Customers need/want: Convenience of managing funds through easy reimbursement options</p> <p>Ideal client wants:</p> <ul style="list-style-type: none"> • Simplified administration for customers without the need to submit claims • HRA that covers only medical expenses 	 <p>Customers need/want: Flexibility to use debit card for pharmacy purchases</p> <p>Ideal client wants:</p> <ul style="list-style-type: none"> • A simplified customer experience that provides immediate access to HRA funds to pay for pharmacy expenses • HRA that covers only medical and pharmacy expenses <p>Debit card can also be set up to cover dental, vision, or any combination of the three services (pharmacy, dental and vision).</p>	 <p>Customers need/want: Control where and when they use the funds</p> <p>Ideal client wants:</p> <ul style="list-style-type: none"> • Medical copay plan • Debit card, for all transactions

- **HRA/FSA order of payment:** The standard order of reimbursement for clients offering both HRA and FSA is the HRA pays first and the FSA pays second.
- **Claim Runout:** The runout period after the end of the plan year for processing the HRA portion of the claim coincides with the runout period of the medical plan.
- **Proration:** For employees who enroll midyear, the employer will prorate the initial HRA contribution. Proration applies to the current plan year allocation.
- **Eligibility:** Those who are self-employed, including partners and shareholders with more than two percent of shares in a subchapter S corporation, may not enroll in the HRA.

Administering the HRA

AutoPay

All medical claims are processed by the HRA after they have been processed by the medical system, eliminating the need to submit a manual HRA reimbursement request.

If the prescription coverage is integrated with the medical plan (i.e., subject to the medical deductible), pharmacy expenses are included in the HRA plan, and the employee is automatically reimbursed from available HRA funds. The employee does pay for the prescription at the pharmacy, but does not need to submit receipts to obtain reimbursement.

If the prescription coverage is not integrated with the medical plan (i.e., copay plan) and the employer includes prescription expenses as a reimbursable expense from the HRA, pharmacy expenses can be submitted by an individual for reimbursement from the HRA.

Debit Cards

Employers can elect the option to offer employees a debit card for customers to access their HRA fund. Cigna works to substantiate health expenses as eligible per IRS requirements and we will reach out to the employee if we need more information.

Funding the HRA Account

We will reimburse employees for their eligible expenses on your behalf and funds are drawn from your designated bank account at the agreed upon time periods.

Using the HRA

Individuals can access HRA balance information and claim status anytime through myCigna.com, or they can obtain personal customer service 24/7. Individuals also have access to HRA information through the explanation of benefits.

Programs and tools are available online to help people make informed health care decisions. Individuals can research provider cost and quality information, drug cost and detailed drug information, such as side effects and interactions, and medical information.

Individuals have access to a broad, nationwide network including 650,000 health care professionals and 5,600 facilities.

For more information, please contact your broker or Cigna representative to learn more about how you can realize savings through plan design and increased employee awareness into the true costs of health care.



All health plans and insurance policies contain exclusions and limitations. For costs and complete details of coverage, contact your Cigna representative. The information provided here is a summary only and is not a contract. Complete and prevailing terms are set forth in the applicable group service agreement or contract.

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