

# HRA Frequently Asked Questions



## What is a Health Reimbursement Account (HRA)?

HRAs are flexible, federally-approved accounts offered in conjunction with traditional health insurance plans. Employers contribute to individual employee accounts, and your employees use the funds to pay for certain qualified medical expenses.

Contributions to employee accounts are tax deductible to your business, and are generally excluded from your employees' gross incomes. Unlike Flexible Spending Accounts (FSA), HRA funds are not subject to the "use it or lose it" rules, and may roll over from year to year if the employer designates that, giving your employees an additional incentive to use the healthcare system wisely. However, unlike a Health Savings Account (HSA), when an employee leaves your company, unspent funds in the HRA remain under your control and can be reallocated to active employee accounts.

Enables Employer to:	Enables Employees to:
Reduce health benefit costs	Actively participate in the decision-making process by choosing how, when and where they receive care
Introduce a high deductible health plan to your employees that provides reimbursements for deductibles, coinsurance and copays	Learn the value of managing costs by making informed healthcare decisions
Control long-term cost trend by exposing your employees to the true cost of care	Potentially build savings to use for future healthcare needs
Encourage appropriate use of the health care system	Rest assured that once they have satisfied their annual deductible, insured benefits are there to protect them