

Your HRA Medical Plan Option

The UnitedHealthCare Definity HRA is a **high-deductible medical plan, plus a health reimbursement account.**

Broken down into its individual parts, it works like this:

1. Medical Plan and Prescription Plan:

- Provides medical and prescription benefits with an annual maximum out-of-pocket
- Provides you up to 100% coverage for preventive care
- Generally ensures lower out-of-pocket costs when you use network physicians and health care professionals

2. Health Reimbursement Account:

- Helps pay for eligible medical and prescription expenses
- Funds are provided by the City
- Money in the account is used during the plan year

How does the Definity HRA work?

1. **Your health expenses are paid by your HRA.** The City will contribute a fixed amount of money to members' health reimbursement account each year. Members' can use the money in the account to pay for eligible medical and prescription drug expenses.
2. **Meet your annual deductible.** Members' must meet the plan deductible, and then medical plan benefits begin. *The exception is preventive care*, which is covered at a 100% by the plan. The annual deductible is the amount the member must pay before the Plan pays.
3. **Pay only coinsurance and copayments.** After the plan deductible is met, the member and the plan will share medical or prescription expenses. You may see this referred to as "coinsurance" or "copayment." . Members' will continue to share expenses until they reach the annual out-of-pocket limit. When the annual limit is reached, eligible expenses will be covered at 100% no additional out-of-pocket costs for the year.
4. **If you enroll in a Flexible Spending Account (FSA),** you can use the money in your FSA to pay for eligible health care expenses that are not covered by your plan, or the medical or prescription expenses that you pay out-of-pocket.

How the HRA Allocation works

- Members enrolled in the 75/25 coinsurance plan with the Health Reimbursement Account (HRA) will be given an allocation of a \$1,000, if enrolled with “**member only**” coverage or \$2,000, if enrolled with “member plus two or more” dependent coverage.
- Members will be able to use their HRA allocation to cover the first \$1,000 or \$2,000 of eligible medical or prescription expenses.
- Members **do not** have to use their HRA allocation to cover preventive services because the plan will pay for these services at 100%.
- Once the HRA allocation has been exhausted, the member will pay 100% of any additional expenses until the plan deductible has been met. Members with “**member only**” coverage will be responsible for meeting a \$1,500 deductible and members covering two or more dependents will be responsible for meeting a \$3,000 deductible.
- After the plan deductible has been met, medical or prescription expenses will be paid on a 75/25 coinsurance basis. The plan will cover 75% of members’ expenses, while members will be responsible for paying 25%.
- If there is any unused HRA balance at the end of the year, the amount will rollover and can be used by the member the next plan year, up to a maximum of \$6,000.

Example: Jose — Year 1

Jose has single coverage. Jose has been fairly healthy throughout the year. He uses in-network providers.

HRA Annual Allocation: **\$1,000**

Healthcare Expenses:

RX Services (Charged to the Allocation) \$125

Wellness Services (not charged to the Allocation) \$350

Other Services (urgent care visit)(No cost to employee) \$200

Total Expenses: **\$675**

How the Expenses Were Paid:

First, CDH Plan/Employer Paid:

Wellness covered at 100% in-network (City Cost) \$350

HRA allocated to RX expenses (City Cost) \$125

HRA allocated to Other expenses (City Cost) \$200

Jose's Out of pocket cost: \$0

Then, Jose Paid:

Deductible "gap" \$0

Coinsurance \$0

Finally, the CDH Plan/Employer Paid:

Health Coverage \$0

Summary:

Total Expenses \$675

Jose Paid \$0

CDH Plan/Employer Paid \$675

HRA Unused Allocation Rollover to Year 2 **\$675**

Sample Life: James & Doris — Year 1

James & Doris have family coverage. James has diabetes that requires a moderate level of healthcare each year. They use in-network providers.

HRA Annual Allocation:	\$2,000
Flexible Spending Account Election (FSA)	\$3,250
Healthcare Expenses:	
Wellness Services (not charged to the Allocation)	\$900
Other Services (doctor office visits, prescription drugs, hospital charges, emergency room charges, x-ray, etc.)	<u>\$6,000</u>
Total Expenses:	<u>\$6,900</u>

How the Expenses Were Paid:

First, Plan/Employer Paid:

Wellness covered at 100% in-network (City Cost)	\$900
HRA allocated to expenses (City Cost)	<u>\$2,000</u>
Balance remaining: (Shared cost w/ City & Participant)	\$4,000

Then, James & Doris Paid using FSA Dollars:

Deductible "Gap"	\$3,000
Coinsurance	\$250

Finally, Plan/Employer Paid: Health Coverage

\$750

Summary:

Total Expenses	\$6,900
James & Doris Paid through FSA	\$3,250
Plan/Employer Paid	\$3,650
HRA Rollover to Year 2	\$0

Flexible Spending Accounts

- **Employee Medical Spending Plan (EMSP):** Eligible employees can contribute up to \$5,000 per year in pretax dollars to help pay for eligible health care expenses.
- **Dependent Care Assistance Program (DCAP):** Eligible employees can contribute up to \$5,000 per year in pretax dollars to help pay for eligible dependent day care expenses.
 - You can use the money in your Flexible Spending Account (FSA) to reimburse yourself for FSA-eligible health care expenses that are not covered by your health plan, or the expenses that you pay out-of-pocket.
 - When you open your FSA, you need to decide how much money you want to contribute in the year (up to the maximum allowed). Then, that amount will be divided up by your paychecks and deducted for the year. That is unless, you have a qualified family status change during the year (for example: a birth, a divorce, death, etc.)

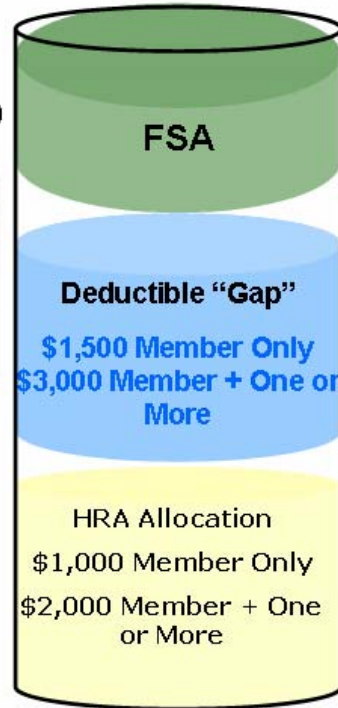
2009 Deductible Gap – Flexible Spending Account

Using your Flexible Spending Account (FSA) for the **Deductible Gap** portion of your benefit plan.

Maximum that can be contributed to FSA = \$5,000



FSA dollars not used during the Plan year **cannot** be rolled over.



FSA - Employee contributions thru payroll deductions that can be used to cover expenses after HRA funds have been exhausted. FSA dollars can be used to cover medical, vision, dental and over the counter medications.

Remaining balance of Deductible to be paid by employee.

(First dollars) Employer dollars given to employees for eligible medical and prescription expenses.