Health Reimbursement Account (HRA) for California Schools VEBA

Applicable for Alliance HMO and the Choice Plus PPO plans ONLY

- The HRA plan combines a high-deductible health plan with an employer-funded account that helps you meet your deductible.
  - You can use your $500 HRA funds immediately to help cover your initial deductible expenses.
  - Eligible HRA expenses include medical expenses (similar to pay as medical plan pays) and chiropractic coverage.

Reimbursement Request

- Submit Reimbursement Forms via online, email, fax or mail (forms will be available online and during OE)
- Receive reimbursement via check or direct deposit to your bank

Roll-Over Balance

- Your HRA balance can be rolled over for the following calendar year up to $500 only. For example:
  - you roll over $300 HRA from 2013, with a total of $800 HRA in 2014. In 2014, you only use $200 of the $800. For 2015 (you can only roll over $500 from the following year) – you would have $1,000 ($500 from 2014 and new fund of $500 for 2015)

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Health Reimbursement Account FAQ

Q: Who owns the account? Who funds the account?

VEBA owns and funds the account

Q: Is it a non-forfeitable account?

No.

Q: Can unused amounts carry over?

Yes. Unused funds may be rolled over from year to year up to $500 dollars only.

Q: Is the account portable between employers?

No. HRAs may be designed to allow former employees to spend down their account until it is exhausted, but it cannot be rolled over to a new employer.

Q: Does interest accrue?

No, this is a non-interest earning account. Interest does not accrue.

Q: Is the account subject to COBRA continuation?

Yes, COBRA rights apply.

Q: What is the contribution amount?

VEBA's contribution to the HRA will be $500 for 2013.

Q: Do non-discrimination rules apply?

Yes.

Q: What is the tax treatment for employers?

Reimbursements are tax-free.

Q: What expenses qualify for reimbursement?

Unreimbursed expenses (including eligible health insurance and long-term care insurance premiums), except that long-term care services and premiums for coverage under employer pre-tax plans are not reimbursable, even though tax deductible under §213(d).

Q: Must a medical expense be incurred during the plan year the contribution is made?

No. However, no reimbursements can be made for expenses incurred before the account was established.

Q: Is third party substantiation of expenses required?

Yes. IRS regulations governing HRAs require that each claim be substantiated before it can be reimbursed.

Q: Can the account be integrated with other accounts?

An HRA can be sold with an FSA, but a traditional HRA cannot be integrated with an HSA.

Q: Is ERISA applicable?

Generally, yes.

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