

Health Reimbursement Arrangement (HRA)

What is a Health Reimbursement Arrangement (HRA)?

An HRA is an employer-funded account that helps employees pay for qualified medical expenses not covered by their health plan. HRAs are compatible with other health plans, and they are owned by the employer. The COVA HealthAware Plan, a consumer-driven health plan option for state employees and non-Medicare retirees, includes an HRA funded by the Commonwealth of Virginia.

How is the HRA funded?

Employees and retirees who enroll in the COVA HealthAware Plan at the start of a plan year will receive \$600 in their HRA. If their spouse is also enrolled, their HRA will be funded with \$1,200. Any amounts remaining in the HRA at the end of the plan year will roll over to the next plan year if the participant(s) remain in the plan, and a new contribution will be deposited for the new plan year. There is no limit to the amount that can be accumulated in an HRA.

Enrollments after the start of the plan year will be prorated based on the number of months the participants are enrolled. Termination of coverage during a plan year can also have an impact on the funds in an HRA. The COVA HealthAware Member Handbook has complete information about prorating of mid-year enrollment contributions, as well as the impact of terminations, plan changes, reinstatements, retirements, and long-term disability.

How can these funds be used?

Out-of-pocket expenses for covered in-network services under the COVA HealthAware Plan, including coinsurance for prescription drugs, will automatically be paid out of the HRA if there are available funds. (Out-of-network claims may require filing for reimbursement.) For example, if the first covered service after July 1 results in a \$200 out-of-pocket expense (for example, \$200 that would be applied to your annual deductible), it would automatically be paid by your HRA. Your \$600 HRA balance would be reduced to \$400 that can be used later.

HRA balances can be carried over from one plan year to the next as long as the participant(s) remain in the plan; however, if they leave the plan, the HRA will only be available for expenses incurred prior to the date of coverage termination. Any remaining balance is generally forfeited; however, some exceptions may apply to retiring employees, employees transitioning to long-term disability, or employees who return to the COVA HealthAware Plan within one year. The COVA HealthAware Member Handbook has complete information.

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Increasing the HRA

There are additional opportunities to increase the amount in your HRA by accomplishing certain “Do-Rights.” These healthy behaviors will be listed in the COVA HealthAware Member Handbook and can result in up to an additional \$150 for single coverage and up to \$300 for an Employee/Retiree and spouse. The Healthy Beginnings Program and Bariatric Pre-Surgery Education Program also provide opportunities to earn HRA contributions. Consult the COVA HealthAware Member Handbook for more information.

What can't the HRA be used for?

The HRA fund can't be used for:

- Any expenses over the plan's limits for covered services;
- Any expenses over the recognized charge, if an out-of-network provider is used;
- Any out-of-pocket expenses for covered services under the optional expanded dental or optional expanded vision plans;
- Any expenses for services or supplies not covered by the plan; or
- Any expenses incurred prior to the date the funds are deposited.