



Health Reimbursement Arrangement Administration

Why Add a HRA Benefit Plan?

A Health Reimbursement Arrangement (HRA) is an employer-funded plan that reimburses employees for qualified medical expenses and, in some cases, insurance premiums. Employers are allowed to claim a tax deduction for the reimbursements they make through these plans, and reimbursement dollars received by employees are generally tax-free.

An HRA covers qualified medical and dental expenses. According to the Internal Revenue Service (IRS), medical expenses are costs incurred to alleviate or prevent a physical or mental ailment, not expenses to maintain general health, such as vitamins.

However, an employer may exclude certain medical expenses even though the expenses are qualified by the IRS. An employer's list of reimbursable medical expenses will be outlined in its HRA plan document for employees.

An HRA is not an account. Employees cannot withdraw funds in advance and then use them to pay medical expenses. Instead, they must incur the expense first, then have it reimbursed.

Aspects of Funding

- No minimum or maximum contribution requirements
- Contributions cannot be funded by salary reduction
- Contribution levels may be prorated for new hires
- Fund the account on a regular basis (i.e monthly) or in one lump sum (i.e. annually)
- Allow funds to rollover from year to year, enabling employees to accumulate money to pay for future healthcare expenses.
- Unused funds may be forfeited back to the employer when an employee is terminated (with the exception of COBRA)

Services Provided

- Plan Document & SPD
- IRS 5500 Assistance
- Employer Education & Consultation
- Online Enrollment via BMA Portal
- 24/7 Web Access
- Manual Claims Submission & Adjudication
- Customer Service Assistance
- “eClaims” Auto Claims Adjudication
- Direct Deposit for Reimbursements
- Assignment of an Account Manager
- Customer Service Assistance