



Health Reimbursement Arrangements (HRAs)

Offsetting out-of-pocket healthcare expenses

By allowing you to pay for some of your out-of-pocket healthcare expenses without going into your own pocket, an HRA can help optimize your healthcare finances.

HRAs are employer-funded accounts you use to reimburse yourself for IRS-qualified medical expenses not covered by your insurance plan. The money funded by your employer is not included in your wages as taxable income¹. To be eligible for an HRA, you must be enrolled in your employer-sponsored group health plan.

How an HRA works:

- Your employer funds your HRA (employees or third parties are not allowed to contribute).
- You can pay for IRS-qualified medical expenses with your Health Benefits Debit Card (if one is provided under your plan) directly to your medical provider, or pay out-of-pocket and submit a claim to HSA Bank for reimbursement.
- When submitting a claim, scan and upload your bill(s), Explanation of Benefits, prescription(s), and receipt(s) through HSA Bank's mobile app or Member Website.
- Once your claim is approved based on eligibility and availability of funds, reimbursement will be sent to you.
- Check your balance and account information via HSA Bank's Member Website or mobile device 24/7.
- Receive your reimbursements more quickly by signing up online for direct deposit to your personal checking or savings account. On the Member Website, go to View account. On the Accounts tab, under Profile, click Banking/Cards. Select Add Bank Account, enter your external account information and click Submit.

Are you eligible for an HRA?

HRAs are established and funded solely by your employer. Therefore, self-employed persons are not eligible for an HRA.

Employers may only offer an HRA to active employees in combination with an employer-sponsored group health plan². Plan designs vary so check with your Human Resources department or Plan Administrator for more information about your plan design.

Certain limitations may apply if you are a highly compensated participant (IRS publication 969).

Is there a limit to how much my company can contribute to my HRA?

The IRS does not place limits on HRA allocations, however, funds can only be used for eligible expenses.

How can you benefit from tax savings?

The money available in your HRA is not considered income and is not taxed, as long as it is used for IRS-qualified medical expenses.

IRS-qualified medical expenses

You use your HRA to reimburse yourself or pay for a wide range of IRS-qualified medical expenses, as permitted under your plan. An IRS-qualified medical expense is generally defined as products or services for healthcare services, equipment, or medications as defined under Section 213(d) of the Internal Revenue Code. Funds used for IRS-qualified medical expenses are always tax-free.

Qualified medical expenses from your HRA may include the following:

- Amounts paid for health insurance premiums (other than premiums paid through an employer's plan)³
- Amounts paid for long-term care coverage
- Amounts not covered under another health plan

For a list of eligible expenses, visit hsabank.com/QME.

Please note, IRS-qualified medical expenses are defined by your employer's plan design. Please check with your employer.

¹ HSA Bank does not provide tax advice. Consult your tax professional for tax related questions.

² Employers may contribute to HRAs for retirees who are not enrolled in an employer-sponsored group health insurance plan.

³ Insurance premiums only qualify as an IRS-qualified medical expense: while continuing coverage under COBRA; for qualified long-term care coverage; for coverage while receiving unemployment compensation; or for any healthcare coverage for those over age 65 including Medicare (except Medicare supplemental coverage).



Visit hsabank.com or call the number on the back of your debit card for more information.