

**Optima Design****Health Reimbursement Arrangements (HRAs) and Consumer Directed Health Plans (CDHPs)****1. Why should we provide an integrated health plan coupled with an HRA account to our employees?**

You are providing your employees a lower premium plan and financial assistance through the HRA to cover their eligible out-of-pocket healthcare expenses. You also have control over the design of your HRA by determining the pledged amount you will pay for covered expenses. You decide whether the HRA pays first or your employees must use their own funds to a designated limit. You can keep any unused funds in the arrangement.

You are helping to invest in the health of your employees and that in turn encourages them to become more healthcare savvy. Additionally, there are tax advantages with the HRA. Your contribution is treated as a tax-free business expense. Consult your broker, consultant or tax advisor for additional information.

The integrated HRA offered by Optima and its partner, Choice Care Card™ offers a number of benefits for you and your employees.

The most significant reason to use the Optima Design integrated plans is the simplicity- there's a single enrollment process into the Optima plan and into the HRA and the integrated claims feeds mean that there are no paper claims forms to be submitted by your employees.

You and your employees will have access to online resources to monitor expenditures and HRA balances. In addition, Choice Care will provide required plan documents and reports to support your HRA program.

Optima firmly believes that you will find value in this integrated solution through its ease of use and simplified account management.

**2. How much effort from my staff is required to implement the plan—specifically any technology integration requirements?**

There are no technology integration requirements to implement the Optima Design plans. Once your decisions are made about the HRA, plan set up is supported by your broker or Optima sales rep through online or paper submission, whichever meets your needs. Employee enrollment into the Optima Design plans are the same as for any health plan, with the enrollment into the HRA handled through our integrated data feeds to Choice Care.

**3. Why did Optima Health select Choice Care Card™ to be its HRA administrator?**

Optima Health selected Choice Care Card™ as its administrative partner because of their established HRA experience and their operational strengths and flexibility. Choice Care Card™ is an eight year veteran in the field of HRA administration with technology platforms to support HRA account management and superior customer support.<sup>1</sup>

**4. What happens to the funds if my employee leaves the company?**

HRA funds are not portable. With the HRA, you have pledged to pay the funds if needed, therefore any unused funds remain with you, the employer.

**5. How much do I have to contribute to my employees' HRA, as an employer?**

You may contribute any dollar amount you choose, above a minimum annual commitment of \$250 per employee. This commitment is a "promise to pay," with funds allocated only if and when an eligible claim is incurred. This employer commitment will drive employee adoption and engagement in the consumer directed philosophy.

Similarly, the employee also needs to share in the deductible exposure in order to help impact behavior in this consumer directed plan design. The minimum employee cost share will also be \$250 per year (i.e., the HRA cannot cover more than \$1250 of a \$1500 deductible.)

We recommend that you consider the impact of the benefit plan design, your premium savings and our company healthcare strategy in your contribution decision.

**6. Do HRA contributions have to be made in equal amounts each month?**

## FREQUENTLY ASKED QUESTIONS BY EMPLOYERS

No, you do not contribute any funds up front. It is a 'promise to pay' arrangement and funds are used only as needed.

### 7. As an employer, do I have to contribute the same amount to every employee's HRA?

Yes, according to Federal regulations, employer contributions must be "comparable", that is they must be in the same dollar amount for all employees with the same category of coverage. You can vary the level of contributions for "full-time" vs. "part-time" employees. There may be other variations around comparability. Consult your broker, consultant or tax advisor for additional information.

### 8. What if an employee has a large medical expense and has no money saved?

Once your promise to pay financial commitment through the HRA has been fully used, your employees incur all other out-of-pockets expenses.

### 9. Are you aware of anyone switching to CDHPs on a total replacement basis?

Yes. It is happening locally and around the country.<sup>2</sup>

### 10. Can I use a different HRA administrator alongside of your insurance plan?

No, the Optima Design plan options are fully integrated with our administrative partner Choice Care Card™. We feel confident that their expertise in this field will serve you and your employees well.

### 11. Are there any monthly maintenance fees on the HRA?

No. There are no additional monthly fees associated with the HRA.

### 12. Do my employees get a debit card with the HRA?

Not with most of the HRA account structures offered through Optima Design. Debit card transactions are typically at the point of service. The core Optima Design plans will offer HRA payment for deductible expenses and the amount each member owes will not be known until after a claim is processed. Through claims integration, any eligible expenses to be reimbursed through the HRA will be auto paid to the appropriate provider, which limits the need for a debit card.

### 13. As the owner, can I have an HRA?

There are specific tax rules that apply to business owners of LLC, LLP, S Corps, partnerships and sole proprietors that cannot use tax advantaged HRA funds. Consult your broker, consultant or tax advisor for additional information.

### 14. What is most critical to making this work effectively, for me and for my employees?

We advise you to view your company's healthcare approach as a long-term strategy, not just a 12-month expense. Gain support from your organization's leaders and involve them when rolling out and introducing higher deductible plans to employees to increase employee buy-in. Adding an HRA can be a powerful option if it is supported by the company. Finally, communicate early and often. The more information employees are provided, the more receptive they will be to this kind of benefit structure.

Optima will be happy to assist by providing onsite education sessions for your employees. We can also provide a toolkit that includes printed information about HRAs, template newsletter articles, frequently asked questions, sample screen shots of the online tools, and claim resources. We're here to help you and your employees learn more about this innovative strategy to reduce premiums while still offering quality health care coverage for your employees.

These FAQs are intended to be an overview of Optima Design high deductible health plans integrated with Choice Care Card™ HRA arrangements. Optima Health is the trade name of Optima Health Plan, Optima Health Insurance Company, and Sentara Health Plans, Inc. Optima Design HDHP PPO plans are underwritten by Optima Health Insurance Company. Optima Design HDHP HMO and mandated point of service plans are underwritten by Optima Health Plan.

All Optima Health plans have benefits exclusions and limitations and terms under which the policy may be continued in force or discontinued. For costs and complete details of coverage please [call your broker or Optima Health] or [log on to [Optimahealth.com](http://Optimahealth.com).] Optima Health recommends that employers and employees consult with a tax advisor when setting up or using an HRA account.

<sup>1</sup> Choice Care Card, [www.choicecarecard.com](http://www.choicecarecard.com)

<sup>2</sup> America's Health Insurance Plans (AHIP)