

Optima Design: A Consumer-Directed Health Plan (CDHP) Coupled with a Health Reimbursement Arrangement (HRA)

- 1. What is a Consumer-Directed Health Plan (CDHP)?**

Typically, with a CDHP, the member is responsible for fully satisfying a Deductible and paying for initial healthcare expenses. A Deductible is the amount of money a member or family pays out of pocket each year before the Plan benefits begin. With Optima Design plans coupled with a HRA, the HRA funds offered by the employer can be used to help cover the Deductible expenses.
- 2. What is a Health Reimbursement Arrangement (HRA)?**

A Health Reimbursement Arrangement, sometimes called a Health Reimbursement Account, is a fund available to you to use in conjunction with your health insurance plan. The funds are promised by your employer to help you pay for certain out-of-pocket healthcare expenses, such as Deductible or Coinsurance expenses.
- 3. Who is eligible to open a HRA?**

Optima Health offers an integrated HRA product with our Optima Design plans. HRAs are established by the employer for their eligible employees and dependents that are enrolled in the HRA-linked plan. It is not a separate fund or savings account that is opened independently by you.
- 4. Who can contribute to a HRA?**

Your employer is the only one who can contribute to a HRA. A HRA is not pre-funded, meaning the pledged dollars are not pre-loaded into the account waiting to be used. A HRA is a promise-to-pay arrangement, meaning funds are provided when eligible healthcare expenses are incurred up to a specific amount designated by your employer.
- 5. Are my employer's HRA contributions taxable to me?**

No. Employer contributions to a HRA are not included in your income. Any payments made from the HRA to pay for qualified healthcare expenses are tax free to you.
- 6. Who owns the HRA?**

Since the HRA is a promise-to-pay arrangement, any funds not used by the employee remain with the employer. HRA funds are not portable—if you leave your employer you may not have access to the HRA funds to pay for your medical expenses. However, if you elect COBRA when leaving your employer you will still have access to the HRA funds during the COBRA period.
- 7. How do I use my HRA funds?**

A HRA can be used to pay for qualified medical expenses. With most Optima Design plans, HRA funds are used to help members pay for Deductible expenses.
- 8. What are the benefits of the Optima Design integrated HRA plans that Optima Health offers with their partner Choice Strategies™?**

An integrated HRA program offers a number of benefits for members. By enrolling in Optima Design, there is a single enrollment process into the health plan and into the HRA. You do not have to submit paper claims forms in order to have claims paid out of your HRA fund. Claims processed by Optima Health are sent to our administrative partner Choice Strategies for automatic payment to providers or to you for HRA-eligible expenses.

You will have online access to HRA payment and fund activity to monitor claims and fund balances. Also, optimahealth.com has resources available with healthcare cost information that may help you make informed decisions for you and your family.

9. Who is Choice Strategies?

Optima Health selected Choice Strategies as our administrative partner because of their established HRA experience and their operational strengths and flexibility. Choice Strategies is a preferred vendor in the field of HRA administration with technology platforms to support HRA account management and superior customer support. The Choice Strategies platform enables members to manage their HRA information all in one location.

10. How does Optima Design work?

You will have group coverage under one of several Optima Health consumer-directed health plans. It is important that you read your plan benefits to understand what is covered. Some plans may require that you use providers under contract with Optima Health in order to receive services. After you receive care, the provider will submit a claim for payment to Optima Health. Optima Health will process the claim according to your plan benefits and pay providers a negotiated amount based on our contracted fee schedule. In most cases, you will receive a bill from your provider after they have received applicable payments from Optima Health, with the remaining balance billed to you as an out-of-pocket expense.

If any of these out-of-pocket expenses are eligible for HRA payment, the provider will be paid separately for the portion pledged by your employer from the HRA. There is no paperwork to file for you to receive HRA funds. If additional out-of-pocket expenses are owed by you to the provider, you will be responsible for the balance after applicable Optima Health and HRA payments. Through a secure online member portal you can monitor your HRA activity at any time.

11. Can a HRA ever be used to pay for non-qualified expenses?

No, HRA funds are for out-of-pocket expenses established by the employer as eligible for payment.

12. Can HRA funds be used at any time in the plan year?

Yes, as long as they are used to pay for qualified medical Deductible expenses designated by your employer.

13. Does a HRA earn interest?

No, they are promise-to-pay funds from your employer; they are not in an account that earns interest.

14. Can HRA funds be invested?

No, they are not your funds to invest.

15. Which individuals benefit most from HRAs?

HRAs and qualified consumer-directed health plans can work for anyone. They are a commitment by your employer to help you pay for out-of-pocket healthcare expenses.

16. Do I have to pay any additional out-of-pocket costs for wellness and/or preventive benefits?

Some wellness or preventive benefits are covered before the general Deductible. A Copayment may apply. Preventive care generally includes routine check-ups, well-baby care, and annual GYN exam and preventive screenings such as mammography and colonoscopy screenings.

17. What information will I receive after I join Optima Design?

Once you select Optima Design, you are automatically enrolled in the integrated HRA program. You will receive a Member Welcome Letter, which lists the features of the HRA and the Member Services contact number for Choice Strategies as well as information on how to navigate your health plan and monitor your HRA funds.

18. How do I access my HRA account with Choice Strategies?

Throughout the year, when you have questions about your benefit plan coverage, would like to view claims information, or check your available HRA balance, you can find the information online at optimahealth.com. From the optimahealth.com home page, select "Members." Sign in to your MyOptima account (or select "Register for Secure Access" if you have not created a MyOptima account), then select "Access My Health Reimbursement Account."

In addition, optimahealth.com has a variety of resources available to help you manage other healthcare related tasks, request a member ID card, search for network providers, research healthcare topics, view required notices related to your healthcare benefits, and much more.

19. Can I continue my HRA through COBRA?

Yes. You may continue your health insurance and/or the HRA through COBRA. Please speak directly with your employer about the details.

20. How soon can I begin to use my HRA?

The employer determines how the HRA funds are used and when they are available to the employee.

21. Will a HRA be established for the eligible dependents on my health plan or only for me, the employee?

The HRA is available to all eligible members. Your employer may choose to provide different amounts for individual versus family enrollment.

This page is intended to be an overview of the Optima Design health plans integrated with Choice Strategies™ HRA offered to employer groups. Optima Health is the trade name of Optima Health Plan, Optima Health Insurance Company, and Sentara Health Plans, Inc. Optima Design PPO plans are underwritten by Optima Health Insurance Company. Optima Health Plan underwrites Optima Design HMO, POS, and mandated point of service plans. Self-funded group health plans are administered but not underwritten by Sentara Health Plans, Inc. All Optima Health plans have benefits exclusions, limitations, and terms under which the plan may be continued in force or discontinued. For costs and complete details of coverage, please call your broker or Optima Health or sign in at optimahealth.com.

Optima Health recommends that employers and employees consult with a tax advisor when setting up or using an HRA account.