

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

### 1. **Why should we provide an integrated health plan coupled with a HRA account to our employees?**

Through the HRA, you provide your employees a lower premium plan and financial assistance to cover their eligible out-of-pocket healthcare expenses. You 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 if your employees must use their own funds—or you and your employees share the Deductible—up to a designated limit. You keep any unused funds in the arrangement.

A HRA helps you invest in the health of your workforce and encourages your employees to become more healthcare savvy. Additionally, there are tax advantages with a 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 Health and its partner Choice Strategies™ offers a number of benefits for you and your employees. There is a simple single enrollment process into the Optima Health 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 Strategies will provide required plan documents and reports to support your HRA program.

Optima Health 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 Health Sales rep through online or paper submission—whichever meets your needs. Employee enrollment into the Optima Design plans is the same as for any health plan, with the enrollment into the HRA handled through our integrated data feeds to Choice Strategies.

### 3. **Why did Optima Health select Choice Strategies to be its HRA administrator?**

Optima Health selected Choice Strategies as its 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.

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

If an employee elects COBRA, they will have access to the HRA funds through the COBRA period. Otherwise, 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 \$1,250 of a \$1,500 deductible).

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

6. **Do HRA contributions have to be made in equal amounts each month?**  
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?**  
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-pocket expenses.
9. **Can I use a different HRA administrator alongside of your insurance plan?**  
No. Optima Design plan options are fully integrated with our administrative partner Choice Strategies. We feel confident that their expertise in this field will serve you and your employees well.
10. **Are there any monthly maintenance fees on the HRA?**  
No. There are no additional monthly fees associated with the HRA.
11. **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.  
  
However, Optima Design plans that have pharmacy expenses counting toward the medical Deductible can elect to have a debit card. The debit card would be coded for pharmacy expenses only.
12. **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.
13. **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 consumer-directed 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.

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](http://optimahealth.com).

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