

Clackamas County
HRA/VEBA
Frequently Asked Questions

Q: What is an HRA?

A: An HRA is a type of health plan that reimburses qualified out-of-pocket healthcare costs and insurance premiums. All contributions, investment earnings, and withdrawals (claims) are tax-free.

Q. What is the HRA/VEBA plan?

A. The HRA VEBA plan is a health reimbursement arrangement (HRA). The County makes tax-free contributions to HRA/VEBA on your behalf. The funds are held in a non-profit, tax-exempt voluntary employees' beneficiary association (VEBA) trust authorized under Internal Revenue Code (IRC) § 501(c)(9). You can use these tax free funds to reimburse eligible out-of-pocket healthcare costs and premiums for yourself, your spouse, and your qualified children and dependents. The HRA VEBA plan is available to public employees in the Northwest.

Q. Which employer groups are participating?

A. The Unions who have agreed to participate are AFSCME-CCOM, AFSCME-DTD, AFSCME-WES and Employees' Association. Non-represented employees (elected officials, directors, managers, supervisors and confidential employees) are also eligible.

Q: How is the HRA different from a Flexible Spending Account?

A: The Flexible Spending Account (FSA) is something that employees can contribute to themselves and the amounts are elected by the employee during Open Enrollment for the following plan year. Open enrollment happens each year and is effective January 1st of the following year. The FSA is something that if you do not use it during the specified timeframe, you "lose" all of the money in the account.

The HRA is something that *only* the employer can contribute toward and contributions are dependent on the negotiated funding methods by each employer group. This is contributed to the account at no cost to the employee. Money can be left in the account and rolls over from year to year. It can gain interest (or incur losses) depending on the market.

Q. What are the deadlines for enrolling in the HRA/VEBA program?

A. Eligible employees can enroll at any time.

However, the \$100 County paid contribution is only applicable to Non Represented employees who enroll by Thursday, December 15th.

AFSCME-CCM, AFSCME-DTD, AFSCME-WES, and EA employees who enroll by Wednesday, September 21st, 2011 are eligible for the \$100 County paid contribution.

Q. How can I make claims for reimbursement?

A. When you have eligible claims, you can e-mail, fax, or mail a completed Claim Form to Meritain Health (the Third Party Administrator). You will need to include proper substantiation of your expense such as a detailed receipt or an EOB (Explanation of Benefits) from your insurance provider. Withdrawals from your account can be made only for eligible out-of-pocket healthcare expenses and premiums. Direct deposit is available to make your claims reimbursement even more convenient and secure. You can even receive reimbursement of your eligible monthly insurance premiums automatically by submitting a Systematic Premium Reimbursement Form.

Q. Are there fees for the HRA/VEBA account?

A. There is a monthly fee of \$1.50 that is billed by the HRA/VEBA company. However, the County has agreed to pay this monthly fee while employees are actively employed by Clackamas County. Employees will see a monthly contribution of \$1.50 that is then deducted by HRA/VEBA.

There is also a 1.25% *annualized* fee that is based on the average participant account balance. The fee is paid by a reduction to investment earnings or, if there are no earnings, charged as a deduction to participant accounts.

Q. Will I be charged the fees if I don't have a balance in the HRA account?

A. Absolutely not. Once there is a zero balance, participants are not charged any fees.

Q. Are there multiple plans offered to us, as a family, or just one?

A. The contribution amount remains the same whether the employee names just him/herself as being eligible for reimbursement or the whole family (family members are eligible as long as they are eligible as dependents for County benefits).

Q. Why can only employers contribute funds to the HRA program?

A. The very definition of a HRA states that it must be employer funded. This is an IRS rule, not a County rule.

Q. Is there a "use it or lose it" rule?

A. No- You can roll it over from year to year, even into retirement.

Q. What expenses are eligible for reimbursement?

A. Eligible expenses include qualified medical, dental, and vision expenses not covered by your insurance plans, or medical, dental, vision, Medicare Part B and Part D, Medicare supplement, and tax-qualified long-term care insurance premiums. Purchases made prior to January 1, 2011 of certain over-the-counter drugs, if properly substantiated, qualify for reimbursement. After January 1, 2011, the law permits expenses for over-the-counter drugs (other than insulin) to be reimbursed only if documentation is provided that the drug was prescribed. Eligible expenses are defined in Internal Revenue Code § 213(d). A list of qualified expenses is available at hraveba.org. Insurance premiums paid

by the County, or premiums that are pre-tax through a section 125 cafeteria plan, are not eligible for reimbursement.

Q. How are the funds invested?

A. You are able to self-direct the investment of your account by either building your own portfolio or selecting a pre-mixed asset allocation portfolio. Detailed information regarding the investment fund information can be found at hraveba.org.

Option A: Do-it-yourself

Build your own portfolio using funds from among seven individual asset classes.

Option B: Choose a pre-mix

Select one of four professionally designed pre-mixed asset allocation portfolios with a risk level based on your projected time horizon (i.e. the length of time until you expect to begin filing claims).

Q. How often can I change how my account is invested?

A. You may change how funds are invested up to once each calendar month.

Q. What if I enroll and then decide if I do not want to keep the account? How do I close it?

A. If a participant account remains exhausted for 45 days, the employee's status as a participant is terminated on the first day immediately after such 45 day period. Such employee's status as a participant is restored back to the original effective date of his or her participant account if a deposit or transfer is received before the end of two complete and consecutive plan years*, and re-enrollment is not necessary. In the event that a deposit or transfer is not received before the end of two complete and consecutive plan years, and the employee subsequently becomes eligible again per the terms of the agreement(s) between the employer and employee group, the employee would need to re-enroll.

*For the purposes of the HRA VEBA Trust for Public Employees in the Northwest, a "plan year" is October 1 – September 30 per the Trust plan document

Q. What if I do not enroll and my employer group has agreed to certain contributions? May I receive those on my paycheck as taxable income or a lump sum payment?

A. Per IRS rules, all employees defined as eligible must participate, and funding into the HRA cannot allow for individual choice. If employees do *not* enroll, they are not able to receive taxable (or nontaxable) wages in lieu of the contributions. Thus, every funding method agreed upon by the various employer groups are only applicable to those employees who enroll. If they do not enroll, they do not get compensated in another way.

Q. How are funds contributed?

A. The participating employer groups have negotiated their own funding methods. Please see the funding agreements related to your group.