

STERLING HEALTH REIMBURSEMENT ARRANGEMENTS

Health Reimbursement Arrangements (HRAs) are defined contribution plans that employers own and control for the benefit of their employees. HRAs are 100% employer funded and represent an employer's commitment to pay for certain healthcare expenses for their employees. If the employer chooses, employees' dependents may also be covered. Employers set the coverage "rules" for HRAs, but they are governed by Section 105(H) of the IRS Code. HRAs are considered group health plans and are subject to COBRA, ERISA, and HIPAA regulations.

HRAs ARE A GREAT OPTION FOR EMPLOYERS AND EMPLOYEES BECAUSE OF THE TAX ADVANTAGES AND BENEFITS IN HOW HEALTHCARE EXPENSES CAN BE PAID.



Advantages to Employers & Employee Participants

HRAs are a great option for employers and employees because of the tax advantages and benefits in how healthcare expenses can be paid. Employer reimbursements for qualified healthcare expenses are tax-deductible for the employer and tax-exempt for employees in the HRA. For groups of less than 100 employees, there is no IRS reporting requirement. Groups of 100 employees or more are required to complete and file Form 5500.

In addition to these benefits, employers choose HRAs because they have broad latitude to establish the rules for contributions and reimbursements. They can change the rules as business conditions dictate. For example, employers can choose:

- How much to reimburse, in what amounts and in what order. They can decide if they or the employee will pay first.
- When to reimburse. Employers can decide to fund monthly, quarterly or annually and in which plan year. They can also set a funding limit so that additional funding isn't allowed until the account balance falls below the limit.
- What to reimburse - medical expenses only or a broad range of healthcare expenses defined in Section 213(d) of the IRS code.
- If funds will rollover to the next plan year.
- Who to cover - employees only or employees and their dependents.
- What health plans to combine with a HRA - carrier approved HMOs or traditional and high deductible PPOs.

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Regardless of the employer rules, employees enjoy the benefits of reduced out-of-pocket expenses!

Participant Eligibility

With few exceptions, almost all employees can participate in a HRA. Exceptions include partners in a business, members of LLCs, and shareholders who own 2% or more in S-corporations. Employers can cover employees only or employees and their dependents, as well as domestic partners as long as they meet the IRS Section 152 definitions. Employers can also choose to provide HRAs to retirees and former employees.

HRAs cannot discriminate in favor of highly compensated employees. Annual nondiscrimination testing is required with a HRA to insure that the employer meets participant eligibility requirements. Sterling offers nondiscrimination testing annually and midway through the plan, if employers request, for compliance.

Choose from Two HRA Plans

Employers can choose from two plans - Basic or Comprehensive:

- **Basic Plan** - reimburses for medical expenses, pharmacy, and chiropractic care.
- **Comprehensive Plan** - reimburses for expenses qualifying under IRS Section 213(d) and includes all qualified medical, dental and vision expenses.

Choose from Three HRA Employer Funding Options

Employers can also choose from three funding options - the **Value 50/100**, the **Value 10** or the **Advantage** option. The difference between the options is the deposit amount to fund the account and the process for claims and debit card use. For more information about our HRA plans, funding options and pricing, please contact Sterling.

HRA Services from Sterling

No matter which plan an employer chooses, Sterling provides hands-on support for plan set-up and administration, as well as high-touch customer service. We offer:

- Employer needs assessment, HRA plan development and enrollment.
- Plan document preparation and distribution, including the corporate resolution adopting the HRA, the adoption agreement, and the Summary Plan Description (SPD).
- Participate in employee enrollment meetings to answer questions and help with the process.
- Participant HRA set up, including welcome letters and issuance of debit cards.
- Healthcare expense claim review and payment of bills direct to providers or as reimbursement to the participant, depending upon how the employer sets up the account.
- Carrier Integration makes it easy for employees to connect EOBs with HSA, HRA and FSA accounts.
- Nondiscrimination testing to insure compliance.
- Accounting and reconciliation of employer funds.
- Prepare Form 5500 for HRA clients with 100 or more employees enrolled in the HRA. Prepare ERISA Wrap plan documents necessary for employers with large and small groups to comply with ERISA relating to their Welfare Benefit Plans.
- Quarterly reporting to employers.
- Updates on industry trends and changes from our team of industry experts.



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- Money back guarantee of up to one year of monthly fees paid if our clients are dissatisfied with our service.
- Personal customer service at 800-617-4729 or customer.service@sterlingadministration.com.

Why Sterling?

Complete product portfolio managed through a single sales representative or account manager, integrated online account management tools, and a team of benefits experts and customer service representatives. Sterling offers administration services for HSAs, HRAs, FSAs, POPs, and COBRA.

Compliance expertise ensures industry and IRS compliance for clients.

Carrier Integration makes it easy for employees to connect EOBs with HSA, HRA and FSA accounts.

Sophisticated and integrated online enrollment, account management, and reporting tools for all products, including a mobile website.

Personal account management and customer

service from Sterling sales and multi-lingual customer service teams.

¿Se Habla Español? Sterling offers a culturally relevant Spanish website, collateral, forms, welcome materials, and bi-lingual customer service representatives.

People across the company who understand the health benefits industry because they've been in the business for over 100 years (combined, that is). Sterling has been in business since 2004 and is successful in part because of a culture that puts people first – employees, clients and partners. It's truly a family affair that our clients are pleased to join.

Contact Us:

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