

Health Reimbursement Arrangement

*Administered by Everence Association, Inc., for
Mennonite Church USA*



Mennonite Church USA congregations can help pastors and church employees manage medical expenses using a health reimbursement arrangement, or HRA.

Pastors who are considered self-employed for federal income tax purposes are not eligible to participate.

Helping with out-of-pocket expenses

An HRA, which is administered by Everence Association, Inc., is a way to make funds available to employees to help them pay for out-of-pocket medical expenses.

HRA funding is made by the congregation or employer only. Unlike a health savings account (HSA), employees may not add to the funding. The funds in the HRA belong to the congregation or employer, until the employee has an eligible deductible expense and receives a reimbursement.

HRAs at work

An HRA is designed to work alongside the health plan coverage. It is not part of the health plan. Here's an example of how it works:

- Pastor Jeff is enrolled in the Congregational Employee Plan. He submits a health claim, processed by Highmark Blue Cross Blue Shield, and it is applied toward his health plan deductible.
- Once the claims process is completed, Highmark electronically sends Pastor Jeff's deductible information to Everence.
- The claim amount that is applied to Pastor Jeff's deductible becomes an HRA reimbursement request.
- Pastor Jeff receives a reimbursement check.

How HRAs are administered

- HRA reimbursement checks are issued once a month to each participant with a pending reimbursement.
- No money is actually sent to Everence from the participating congregation to pre-fund the HRA. The HRA is a promise to reimburse an employee who has out-of-pocket medical expenses that are applied to the deductible.
- Reimbursements are processed monthly. The congregation or employer will be notified of the total reimbursement amount for employees. The congregation or employer then forwards the money electronically to Everence to fund the HRA reimbursement checks.

HRA plan design options

Choose from the three available plan options

Option 1: The HRA reimburses 100 percent of any out-of-pocket deductible expense for each employee, up to the annual maximum amount set by the congregation for each employee.

Example: Congregation A enrolls in a \$2,000/\$4,000 high-deductible health plan. It agrees to fund \$500 for employees enrolled in single coverage and \$1,000 for employees enrolled in family coverage. Pastor A (single coverage) submits a claim to the health plan and \$200 is applied to his deductible. When the information is sent to Everence, he will be issued a \$200 check on the next scheduled payment date. His balance available in the HRA is now \$300 (if the congregation is funding monthly or quarterly, the balance may not be available immediately).

Option 2: The HRA reimburses 70 percent of any out-of-pocket deductible expense for each employee, up to the annual maximum amount set by the congregation for each employee.

Example: Same scenario as Option 1, but now when the information comes to Everence, a check for \$140 will be issued to Pastor A, 70 percent of the submitted deductible expense. The HRA balance would be \$360.

Option 3: The HRA reimburses 50 percent of any out-of-pocket deductible expense for each employee, up to the annual maximum amount set by the congregation for each employee.

Example: Again, same scenario as Option 1, however, now the check issued to Pastor A would be \$100, 50 percent of the deductible expense. The HRA balance would be \$400.

Setting up an HRA

Congregations or employers interested in an HRA must complete an *HRA Employer Enrollment* and *EFT Authorization* form.

If you have questions about HRAs or are planning on implementing an HRA for 2014, please contact Barb Jones at (800) 222-5054, Ext. 3543 or e-mail: barb.jones@everence.com for the HRA forms.

Switching from HSA funding to HRA funding

- Employees are no longer eligible to make HSA contributions but may take HSA distributions for eligible medical expenses.
- An employee may participate in the FlexChoice medical expense reimbursement account for medical expenses that are not eligible to be reimbursed by an HRA. If an employee still has an HSA balance, they may choose reimbursement from the HSA or the medical expense reimbursement account, but not from both for the same expense.
- Only CEP health plan deductible expenses are eligible for reimbursement from an HRA.