



Employer Application Health Reimbursement Arrangement

Employer Information

Company Name: _____ Phone: _____
(Full and complete legal business name)

Street: _____ Fax: _____

City: _____ State: _____ Zip: _____

Employer's Taxpayer Identification Number: _____

State of incorporation: _____

Plan Sponsor Fiscal Year End Date: _____

Type of Entity:

C Corporation

S Corporation

Non-Profit

Sole Proprietorship

Partnership LLC

Union

Partnership LLP

Name of the representative of the parties who established or maintain the Plan: _____

Governmental Agency

Other: _____

NOTE: S Corporation shareholders, partners, sole proprietors, and members of a Limited Liability Company generally cannot participate in the Health Reimbursement Arrangement.

The following affiliated employers will adopt this Health Reimbursement Arrangement as Participating Employers (if there is more than one, or if Affiliated Employers adopt this after the date the Adoption Agreement is executed, attach a list to this Adoption Agreement of such Affiliated Employers including their names, addresses and taxpayer identification numbers):

N/A

Name of Affiliated Employer(s): _____

Is this a controlled group (company owned by another company)?

Yes No

If yes, enter name of company owned by: _____

Contact Name: _____ Title: _____

Contact Phone: _____ Contact Email: _____

Broker Name: _____ Agency Name: _____

Broker Contact Phone: _____ Broker Contact Email: _____

Additional day-to-day contact if applicable:

Name: _____ Title: _____

Phone: _____ Email: _____

On the line below, enter the 3-digit plan number (sometimes called the health and welfare plan number) the employer or plan administrator assigned to the plan. This 3-digit number, in conjunction with the employer identification number (EIN), is used by government agencies as a unique 12-digit plan identification number. Sterling needs this information so that we can assign a unique plan number to each plan we create for employers. This number will appear in your plan documents that we produce and send to you. It is important not to duplicate a plan number if it has been used for any other benefit plan (even one that has been terminated). Having an accurate plan number is critical for IRS form 5500 filing (if required). Once you use a plan number, continue to use it for that plan for all future filings with government agencies. Health & Welfare Plan numbers should begin with 501 and increase with each subsequent Plan.

Health & Welfare Plan Number: _____

Plan Setup Information / Arrangement Options

Effective Date: _____

New HRA

Sterling Administered HRA

Employer Administered HRA (Sterling document service only)

Renewal HRA

Reinstatement of a previously adopted Plan _____

Original effective date: _____

Plan Year - plan year means each 12 consecutive month period. Most HRA plans are established based on your medical plan deductibles, which normally accumulate on a calendar year basis. Therefore, there may be a short plan the first year to allow for this.

Plan Year Dates _____ to _____

The plan has a short plan year: Yes, the short plan year begins _____ and ends on _____

No

Total number of employees in your company: _____

If you reach 20 employees or 50 employees prior to your next Plan renewal period, it is your responsibility to notify Sterling so we may add newly applicable COBRA or FMLA language to your Plan Documents.

Total number of HRA eligible employees in your company: _____

Eligibility Requirements

Choose one of the following:

- Eligibility requirements include only persons covered under the company health insurance plan
- The following eligibility requirements apply (Choose all that are applicable):
- Part-time employees completing ____ hours of work per week will be included (maximum of 25 hours)
 - Seasonal employees completing ____ months of work within a year will be included (maximum of 7 months)
 - Employees ____ years of age will be included (maximum 25 years)
 - Current employees completing ____ months of service with the employer will be included (maximum 36 months)
 - New employees completing ____ months of service with the employer will be included (maximum 36 months)
 - Do you have union employees under a collective bargaining agreement?
 - Yes
 - No
- If yes, will they be eligible to participate?
- Yes
 - No

HRA Plan Choices

Sterling Health Services Administration offers two HRA plans - Basic and Comprehensive - both with employer funding options to make it easy and convenient for you to fund HRA accounts for your employees. Please check the boxes below to choose the plan - Basic or Comprehensive - and funding options that best suit your needs based on the number of employees covered by your HRA plan:

Sterling HRA Plan - This HRA will reimburse:

BASIC

Only medical expenses, pharmacy and chiropractic care are available and may be customized by selecting eligible expenses. Please check the boxes below for each type of expense you wish to include in your Plan:

Eligible Expenses:

- Medical expenses (including ambulance services, doctor visits, hearing aids, home health care, hospitals, immediate care facilities, in-vitro, laboratory services, nursing facilities, orthopedic and prosthetic appliances, osteopathic physicians, outpatient facilities, podiatrists)
- Pharmacy
- Chiropractic care

COMPREHENSIVE

All Section 213(d) expenses are available and may be customized by selecting eligible expenses. Please check the boxes below for each type of expense you wish to include in your Plan:

Eligible Expenses:

- Medical expenses (including ambulance services, doctor visits, hearing aids, home health care, hospitals, immediate care facilities, in-vitro, laboratory services, nursing facilities, orthopedic and prosthetic appliances, osteopathic physicians, outpatient facilities, podiatrists)
- Pharmacy
- Chiropractic care
- Dental (including dental laboratories and orthodontics)
- Vision (including eye safety shields, eyeglass frames and lenses, ophthalmic supplies, ophthalmologists, opticians, optometrists)

HRA Debit Cards

Debit cards are \$1.50 per employee per month for all three funding options – Value 50/100, Value 10 and Advantage (see fees and funding options details on the last two pages of this application). One card per participant will be issued automatically when the account is set up and additional cards can be ordered for dependents that are covered under the Plan. For each participant, the first two cards are free. Any additional cards will incur a fee of \$10 each. Replacement for lost or stolen cards will also incur a fee of \$10. These fees will be billed to the employer who may recoup the cost from the participant at their discretion. Additionally, please be advised that the debit cards will be preprogrammed based on the selected eligible expenses selected above, however, the card's auto-adjudication may not be 100% accurate in all cases. If a debit card is used fraudulently, the employer has the right to require the participant to repay the Plan. When participants that have debit cards terminate employment, they will be de-activated upon notification from you of the termination. Employees who are terminated must file paper claims to access HRA funds available to them through the run-out or COBRA period.

Please check the box below to indicate if you want debit cards for your employees.

- Debit Card** - Coverage will be for participant, spouse, and children regardless of coverage under the company-sponsored health plan.

Please initial here to confirm your full understanding of the debit card process and fees: _____

- No Debit Card** - Coverage can be customized by selecting participant, spouse, and children regardless of coverage under the company-sponsored health plan or participant only.

I Wish to Cover:

- Participant, spouse, and children regardless of coverage under the company-sponsored health plan
- Participant only

Coverage Tiers & Annual Funding Amount (Please check all that apply and note the funding amount)

Choose the coverage tiers the employer wants to set up in the HRA plan by checking all of the boxes below that apply. Next to each coverage tier selected, write in the amount of annual funding you will make for that tier:

- Single: \$ _____
- Employee & Spouse, Employee & Child(ren), Family: \$ _____

Embedded Deductible Options

Do you have individual embedded deductibles on your health plan?

Yes No

If yes, will the HRA Plan provide coverage at the individual level?

Yes No

If yes, please reference *Appendix 1* and complete the individual coverage levels.

When will employer reimburse for claims?

After employee pays the first:

Single \$ _____

Employee & Spouse, Employee & Child(ren), Family \$ _____

Employer pays first up to the limits described above

Percentage share up to employer limits: _____ % employee _____ % employer

**Debit cards not available for the Percentage Share option.*

Contributions for New Hires after the start of the Plan Year:

Will equal existing employees Will be prorated

HRA Rollover

Will Employer Allow HRA Balance to Roll Over? Mark the correct box below:

Yes

No

If rollover of funds is allowed, please specify how much will rollover by checking the appropriate box below, including the dollar amount for partial rollovers:

All remaining funds

Remaining funds up to \$ _____

Coordination with FSA Plan

No FSA offered Pay benefits from HRA first Pay benefits from FSA first

Coordination with HSA Plan

No HSA offered

Limited Purpose HRA for dental and vision expenses only for the entirety of the Plan Year

Post Deductible HRA to allow for medical expenses after the IRS minimum statutory plan deductible has been met. (Dental and vision expenses will be eligible until the participant submits evidence that the deductible has been satisfied. At this time, all Section 213(d) expenses will be eligible.)

HRA Run-Out

A claim may be submitted up to _____ days after (referred to as a run-out period):

- The end of the Coverage Period:
If selected, run-out period for terminated employees begins on termination date.
- The end of each plan year:
If selected, run-out period for terminated employees begins on plan year date.
- Other: _____

Administrative Options

COBRA Administration:

- I would like Sterling Health Services Administration to administer the HRA funds for terminated employees.
- I prefer to administer the COBRA as it applies to our HRA plan.

Nondiscrimination Testing:

- I would like Sterling Health Services Administration to conduct nondiscrimination testing as it applies to our HRA plan. Nondiscrimination testing will take place within the first and last quarters of my Plan Year. I understand that I will have to provide additional reports to Sterling Health Services Administration if I select this option. If my plan is found to be discriminatory, I understand that I will need to make the necessary adjustments to the elections to ensure that the plan becomes non-discriminatory.
- I prefer to conduct the discrimination testing as it applies to our HRA plan.

Choose Funding Options

Please check one of the three boxes below to indicate your choice of HRA plan funding options. The difference between the options is the deposit amount to fund the account and the process for claims and debit card use. **The Value 50/100 option offers the greatest convenience because it eliminates the need to ACH (electronic funds transfer) for claims and debit card transactions.** Note that the price per month per participant is determined by the choice of either the **Basic Plan** or the **Comprehensive Plan** that you selected above. For all three funding options, there is a one-time set-up fee and an annual renewal fee. If you want your employees to have debit cards for their HRA plan, the charge is \$1.50 per month per participant no matter which plan you choose. Other terms apply. For more detailed information about the funding options listed below, please refer to the HRA fees and funding options information at the end of this form:

- Value 50/100:** \$5 per month per participant for Basic Plan
\$8 per month per participant for Comprehensive Plan
50% or 100% of total liability funding
- Value 10:** \$5 per month per participant for Basic Plan
\$8 per month per participant for Comprehensive Plan
10% of total liability funding, \$5,000 minimum
- Advantage:** \$5 per month per participant for Basic Plan
\$8 per month per participant for Comprehensive Plan
\$1,000 deposit required for account set up

Employer Funding & Contributions

To fund your company's HRA account, Sterling Health Services Administration will initiate debit entries from the account. By providing the information below, you are authorizing Sterling Health Services Administration and/or Fidelity National Information Services (debit card processor) to initiate entries to your checking/savings accounts

at the financial institution listed below and, if necessary, initiate adjustments for any transactions credited/debited in error. All entries are related to the HRA accounts your company has established with Sterling Health Services Administration. This authority will remain in effect until Sterling Health Services Administration is notified by you in writing to cancel it in such time as to afford Sterling Health Services Administration and the financial institution named below a reasonable opportunity to act on it. **You must attach a copy of a voided check to this application as part of this process:**

Financial Institution Name _____

Financial Institution Routing Number _____

Account Number for Debits to Fund HRA Account _____

Employer Fees Paid to Sterling

Sterling HSA Sales Representative complete the following information regarding employer fees paid to Sterling based on the HRA plan selected and associated pricing. Note that there is a minimum monthly fee of \$50.

HRA plan one-time set-up fee: \$ _____

HRA monthly fee per participant: \$ _____

HRA plan annual renewal fee: \$ _____

Application Agreement / Signature

We, the undersigned employer, affirm the accuracy of this application and acknowledge that this application can be relied upon for the preparation of the Health Reimbursement Arrangement with Sterling Health Services Administration and may be used in preparation of the Summary Plan Description and/or Plan Document. We also agree to indemnify Sterling Health Services Administration and hold Sterling Health Services Administration harmless against any and all loss, damage or lawsuits brought against Sterling Health Services Administration to recover benefits under the plan, unless such actions arise out of the willful act or negligence of Sterling Health Services Administration.

Dated this _____ day of _____ 20_____

Employer: _____

By: _____ Title: _____

Sterling HRA Fees & Funding Options

Sterling offers very competitively priced HRA plans and flexible funding options for employers. Whatever plan an employer chooses, Sterling provides a myriad of administrative services.

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

Compare Our Two Value Plan Funding Options – The Value 50/100 and the Value 10

BASIC PLAN			
NUMBER OF EMPLOYEES (HRA PLAN PARTICIPANTS)	SET-UP FEE	BASIC PLAN: \$5.00 PER EMPLOYEE PER MONTH MONTHLY FEES FOR MEDICAL REIMBURSEMENT ONLY	RENEWAL FEE
2-50 employees	\$500	\$5 per employee/month Value 50/100: 50%-100% Deposit Value 10: 10% Deposit, \$5,000 min	\$250
51-250 employees	\$750	\$5 per employee/month Value 50/100: 50%-100% Deposit Value 10: 10% Deposit, \$5,000 min	\$375
251-700 employees	\$900	\$5 per employee/month Value 50/100: 50%-100% Deposit Value 10: 10% Deposit, \$5,000 min	\$450
Over 700 employees	Custom	Custom	Custom

COMPREHENSIVE PLAN			
NUMBER OF EMPLOYEES (HRA PLAN PARTICIPANTS)	SET-UP FEE	COMPREHENSIVE PLAN: \$8.00 PER EMPLOYEE PER MONTH. MONTHLY FEES FOR REIMBURSING EXPENSES UNDER IRS SECTION 213(D)	RENEWAL FEE
2-50 employees	\$600	\$8 per employee/month Value 50/100: 50%-100% Deposit Value 10: 10% Deposit, \$5,000 min	\$300
51-250 employees	\$850	\$8 per employee/month Value 50/100: 50%-100% Deposit Value 10: 10% Deposit, \$5,000 min	\$425
251-700 employees	\$1000	\$8 per employee/month Value 50/100: 50%-100% Deposit Value 10: 10% Deposit, \$5,000 min	\$500
Over 700 employees	Custom	Custom	Custom

Other funding options and terms:

- The **Value 50/100** funding option requires a 50% - 100% deposit and pulls all transactions (including debit cards, if selected) from the funds. It is our most convenient plan for employers because there is no ACH and less paper-work for the employer. The funds held in the account accrue interest at market interest rates and are credited to the employer.
- The **Value 10** funding option requires a 10% deposit (\$5,000 minimum). Sterling will ACH weekly or as needed to true up to a 10% funding level. Sterling will ACH debit card expenses as incurred.
- The **Advantage** funding option is another choice employers can make. The set-up and renewal fees are the same as for the two **Value** plans (see chart above). A \$1,000 deposit is required for the Advantage plan. Sterling will ACH all claims weekly and will ACH debit card expenses as incurred.
- **Debit Cards** are \$1.50 per employee per month for all three funding options – **Value 50/100**, **Value 10** and **Advantage** - if selected by employers for their employees.
- **Other Terms:** A \$50 minimum monthly fee applies. If claims exceed funding, Sterling will “pend” claims or ACH transfer based on employer requirements. If there are insufficient funds at the time of ACH withdrawals, the employer will be charged \$25 and risk account closure. A minimum “floor” of \$1,000 is required at all times for claims.
- There is a \$50 per hour charge for client requested changes to plan documents after initial set-up. This applies to all changes after the first 30 days.

Embedded Deductible Options

Please complete the individual coverage levels for your HRA below:

Single Coverage:

Employee _____

Employee + Spouse Coverage:

Employee _____

Spouse _____

Employee + Dependents/Children Coverage:

Employee _____

Dependents/Children _____

Employee + Family Coverage:

Employee _____

Spouse _____

Dependents/Children _____