

Sterling HSA is a health services administrator with deep experience in the health insurance and financial industries. We offer a Health Reimbursement Arrangement (HRA) for employers to control healthcare costs and take care of employee benefits needs. Along with the many benefits of an HRA, we provide a level of high touch customer service and industry expertise that has placed us among the nation's top health services administrators since Sterling was founded in 2004.

WHAT IS A HRA?

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, depending on employer size, are subject to COBRA, ERISA, and HIPAA regulations.

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 at plan renewal. 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 - just the deductible 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 PPOs.

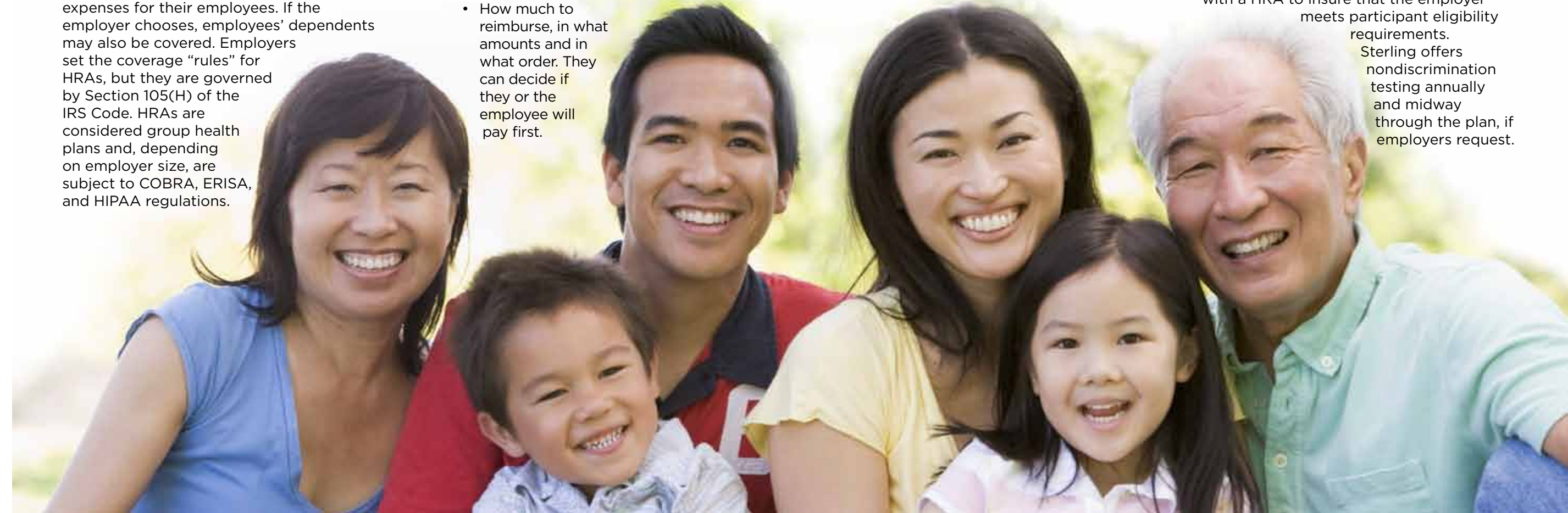
Regardless of the employer rules, employees enjoy the benefits of reduced out-of-pocket expenses!

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.



FLEXIBLE, COMPETITIVE HRA PLANS FROM STERLING

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.

CHOOSE FROM TWO HRA PLANS

Employers can choose from two plans – Basic or Comprehensive:

- **Basic Plan** – reimburses for medical expenses only (qualified as medical deductible)
- **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. The Value 50/100 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.

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, there is a monthly charge per participant no matter which plan you choose. Other terms apply. Please contact your broker or a Sterling sales representative for more information.

HRA SERVICES FROM STERLING

No matter which plan an employer chooses, Sterling provides hands-on support for plan set-up and administration, all delivered with our unique brand of high-touch customer service:

- 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).
- Participation 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 employee participant, depending upon how the employer sets up the account
- Nondiscrimination testing mid-year (if requested) and annually to insure compliance.
- We have the expertise to make sure your benefits plans are fully compliant with industry and IRS regulations. Banks or other third party administrators operating under an “unmanaged” HSA or HRA model don’t do that. In short, we eliminate the worry by offering services only available from a company with expertise in health insurance and healthcare financing products.
- Accounting and reconciliation of employer funds.
- Monthly account activity reporting to employers and quarterly reporting to employees.

- Updates on industry trends and changes from our team of industry experts.
- Provider fee negotiation through Medical Cost Advocate for participants.
- Medical and wellness advocacy through our partners Medical Cost Advocate and Navimed/Wellness 360.
- Money back guarantee of up to one year of paid monthly fees if our clients are dissatisfied with our service.
- Personal customer service on the phone, via email, and online.



STERLING HSA®
HEALTH SERVICES ADMINISTRATION

Better Healthcare Benefits
Lower Expenses & Taxes with a Sterling

HEALTH REIMBURSEMENT ARRANGEMENT



CALL US TODAY

We’re a leading administrator of consumer directed healthcare services that put our clients in control of healthcare spending and in touch with resources to manage their money and their health. We provide expert education and superior execution because we know the health insurance and financial industries. We provide high touch customer service online, on the phone and in person because we understand that you want nothing less.

We offer health savings accounts (HSAs), health reimbursement arrangements (HRAs), and Flexible Benefit Plans, including Flexible Spending Accounts (FSAs), transportation benefits and Premium Only Plans (POPs).

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