



STERLING HSA®
HEALTH SERVICES ADMINISTRATION

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Health Reimbursement Arrangement

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.

How HRAs Work

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. Employers decide how to set up the plan for employees, including:

- How much to reimburse, in what amounts, and in what order
- When to reimburse employees - monthly, quarterly or annually
- Funding limits so 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 by IRS code
- If funds will rollover to the next health plan year
- Who to cover - employees only or employees and their dependents

Employee Participant Eligibility & Benefits

Regardless of the employer rules, employees enjoy the benefits of reduced out-of-pocket expenses and the advantages of tax-exempt employer reimbursements for qualified medical expenses.

With few exceptions, almost all employees can participate in a HRA. 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.

Once the HRA plan is set up, employers provide employees with details on their specific plan. Sterling provides employees with account information and tips to get the most benefit from the account working with Sterling as the administrator. We reimburse employees quickly, pay medical bills when employees submit them to us for payment, and unlike most other administrators, we pay the provider directly or reimburse the employee based on the employee's preference.

If the employer authorizes use of debit cards with the HRA plan, Sterling provides the convenience of a MasterCard® debit card good for purchases up to the available balance in the employee's HRA account and for purchases allowed by the employer and under IRS regulations.

Sterling customer service is available Monday - Friday from 8 am to 6 pm Pacific. There are many ways to contact us: call 800-617-4729; fax 877-517-4729; email customer.service@sterlinghsa.com; or mail to 475 14th St., Suite 650, Oakland, CA 94612. For more information, visit www.sterlinghsa.com. For information on healthcare trends, tips and reform, find us on Facebook.