

Health Reimbursement Accounts

A consumeristic approach to savings

Health reimbursement accounts (HRAs) are a great way to offer self-funded employers a more predictable medical expense with lower cost increases from year-to-year. UMR's HRA is an integrated design that uses the same claim engine to process HRA claims along with major medical coverage.

Health care providers receive a single claim payment that includes both major medical and HRA payments while plan members receive a single explanation of benefits. No separate claim submission is required.

The HRA incentive

The key component of an HRA is the use of employer-funded dollars to cover a plan member's out-of-pocket expenses. Unlike a flexible spending account (FSA), any unused HRA dollars can be carried forward from year-to-year. The dollars carried forward can be capped according to employer specifications.

The carry-over feature of the HRA encourages conservative medical purchases and motivates members to better understand how they spend their medical benefit dollars.

Flexible plan design

The UMR HRA plan design is flexible. Employers have the option of keeping current deductibles in front of the HRA and can determine the dollar amounts for deductibles and HRA contributions.

Recommended coverage for prescription drugs includes a three-tier coinsurance feature, motivating efficient purchase of pharmaceuticals through our pharmacy benefits manager. By doing so, plan members do not have to worry about prescription drugs being subject to the major medical deductible, which might otherwise discourage them from filling prescriptions.

In addition, we offer a flexible spending account (FSA) program, which members can use to fund deductible costs not covered by the HRA. Our FSA plan also offers convenient features such as the choice of automatic reimbursement or a debit card.

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Example: Single Coverage

Initial Deductible Before Access to the HRA

	Benefits Breakdown Paid By		Amount
		In	Out
Preventative Care Covered at 90% In 80% Out, No Deductible.	HRA Deductible (employee pays)	\$250	\$1,000 Deductible
	HRA (employer pays)	\$500	
	Deductible (employee pays)	\$250	
	Health Coverage (employer pays)	90%	80%
	Of the following post-deductible charges	\$2,000	
Employee pays	\$200	\$400	

Many HRA plans have an out-of-pocket deductible before the HRA.

- The employee has a \$1,000 deductible that includes an initial HRA deductible of \$250, an employer-funded HRA of \$500, a remaining deductible of \$250 and 90 percent in-network coinsurance after the employee's deductible
- The employee has \$1,500 in medical expenses
- The employee pays the first \$250
- The employer-funded HRA pays the next \$500
- The employee pays the rest of the deductible (\$250)
- The plan pays 90 percent of the remaining \$500 or \$450 and the employee pays the remaining \$50
- The employee's total out-of-pocket expenses are \$550

In this case, the employee did not have any funds to roll over to the next year. If the employee only had \$300 in medical expenses instead of \$1,500, the employee could roll over \$450 to the next plan year. Combined with the next year's annual employer-funded HRA contribution of \$500, the employee would then have \$950 in their HRA. The employee would still have to pay an initial deductible of \$250 the next plan year, but would then have their next \$950 of expenses covered by the HRA.

Consumer Concierge option

For members to get the most out of their consumer-driven health plan, it helps to have a thorough understanding of all the program features, benefits and services. That's where our specially trained Consumer Concierge comes in. Acting as the member's advocate, this individual provides service and assistance, beginning at pre-enrollment and continuing throughout the life of the plan.

The Consumer Concierge can assist members in a variety of key areas, including:

- Understanding consumer account balances, contributions and other basics
- Exploring online benefit information, decision-making tools and health education resources available at www.umar.com
- Searching for in-network physicians and hospitals that best meet member needs
- Estimating treatment costs, including drug alternatives

The Consumer Concierge can help members get more involved in their health care and make more educated medical decisions, thereby reducing medical costs. Please note, this service must be purchased in conjunction with a consumer-driven product.

The UMR advantage

As a full-service administrator of multiple benefits, we offer employers an integrated product in which all processes and systems are controlled in-house. This means all of a company's PPO benefit products – traditional as well as consumer-driven – can be administered by UMR.

Customers can enjoy the convenience, satisfaction and flexibility of having all benefit services provided by one vendor, including our HRA and care management programs. Our benefit plan modeling tools can help consultants and employers design a plan structure that meets their cost and benefit goals. We can show how future plan costs compare with the current health plan.

Find out more

To learn more about the complete UMR consumer-driven health care solution, contact your UMR representative.



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