

Health Reimbursement Arrangement (HRA) Introduction

Slide 1 of 21 - Health Reimbursement Arrangement (HRA) Introduction

CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES

COB&R
Coordination of
Benefits and Recovery

MMSEA Section 111 GHP User Guide

Health Reimbursement Arrangement (HRA)

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<https://www.cms.gov/medicare/coordination-benefits-recovery/mandatory-insurer-reporting-group-health-plans>.

Slide notes

Welcome to the Health Reimbursement Arrangement (HRA) course.

Slide 2 of 21- Disclaimer

Disclaimer

While all information in this document is believed to be correct at the time of writing, this Computer Based Training (CBT) is for educational purposes only and does not constitute official Centers for Medicare and Medicaid Services (CMS) instructions for the MMSEA Section 111 implementation. All affected entities are responsible for following the instructions found at the following link: <https://www.cms.gov/medicare/coordination-benefits-recovery/mandatory-insurer-reporting-group-health-plans>.

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Slide 3 of 21- Course Overview

Course Overview

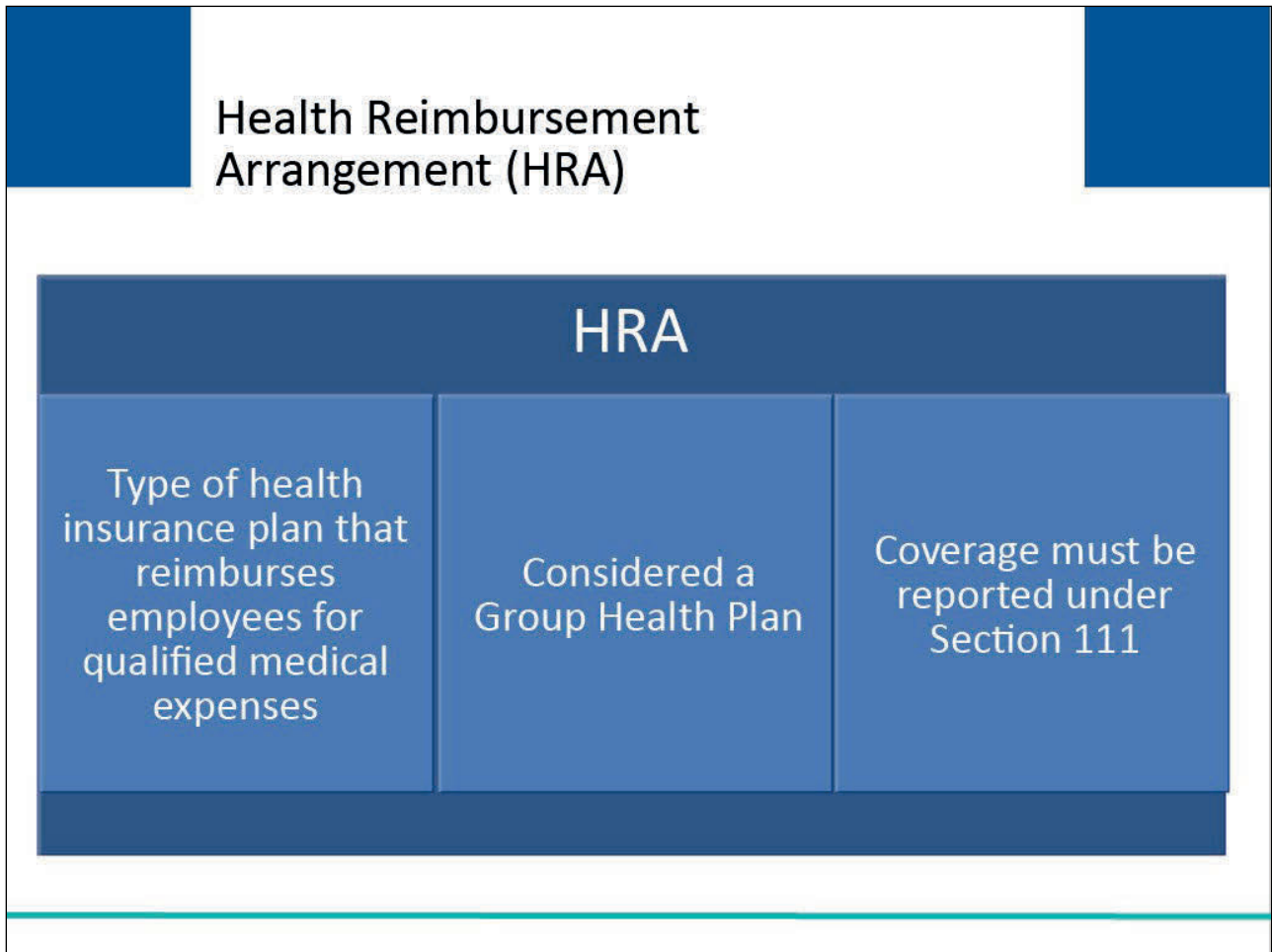
- HRA vs. FSA/HSA
- HRA Reporting Requirements and Examples
 - Timeframes
 - New enrollees
 - Termination Dates
 - Annual benefit values
 - Coverage Type

**Slide notes**

This learning module describes what an HRA is versus a Flexible Spending Account (FSA) or Health Savings Account (HSA), and HRA reporting requirements and examples, including:

- timeframes,
- new enrollees,
- Termination Dates,
- annual benefit values, and
- Coverage Type.

Slide 4 of 21- Health Reimbursement Arrangement (HRA)



Slide notes


Health reimbursement arrangements, also known as “health reimbursement accounts” or “personal care accounts,” are a type of health insurance plan that reimburses employees for qualified medical expenses.

HRAs consist of funds set aside by employers to reimburse employees for qualified medical expenses, just as an insurance plan will reimburse covered individuals for the cost of services incurred.

HRAs are considered to be Group Health Plans (GHPs) and thus HRA coverage is subject to Section 111 Medicare Secondary Payer (MSP) Reporting.

Slide 5 of 21- Flexible Spending Account (FSA)

Flexible Spending Account (FSA)



- Also called “cafeteria plans” or “125 plans”
- Employer-established benefit plans that reimburse employees for specified medical expenses as they are incurred
- Employee contributes to the account through salary reduction agreement
- Employee forfeits any unspent funds at end of year

- **Not** considered a Group Health Plan
- Coverage should **not** be reported under Section 111

Slide notes

Flexible Spending Accounts or FSAs, also called cafeteria plans or 125 plans, should not be confused with HRAs. FSAs are employer-established benefit plans that reimburse employees for specified medical expenses as they are incurred.

The employee contributes funds to the account through a salary reduction agreement and is able to withdraw the funds set aside to pay for medical bills. Any funds contributed to the plan that remains unspent at the end of the year are forfeited.

An FSA is not considered to be a GHP thus it is not to be reported under Section 111.

Slide 6 of 21- Health Savings Account (HSA)

The slide features a white background with a blue header and footer. The title 'Health Savings Account (HSA)' is centered in a large, bold, black font. Below the title, four blue rounded rectangular boxes contain text. The first box states 'Savings account used to pay for current and future medical expenses'. The second box states 'Used in conjunction with a 'High Deductible Health Plan''. The third box states 'Can accumulate tax-deferred interest and are fully vested'. The fourth box states 'Coverage is not reportable under Section 111 as long as' followed by a bulleted list: 'Medicare beneficiaries do not make a current year contribution or;' and 'Did not make a contribution while he/she was a Medicare beneficiary'. A thin teal horizontal line is at the bottom of the slide area.

Health Savings Account (HSA)

- Savings account used to pay for current and future medical expenses
- Used in conjunction with a 'High Deductible Health Plan'
- Can accumulate tax-deferred interest and are fully vested
- Coverage is not reportable under Section 111 as long as
 - Medicare beneficiaries do not make a current year contribution or;
 - Did not make a contribution while he/she was a Medicare beneficiary

Slide notes

Health Savings Accounts (HSAs), also known as Medical Savings Accounts (MSAs) should also not be confused with HRAs.

HSAs or MSAs are savings accounts used to pay for current and future medical expenses. HSAs are used by individuals that are covered by a high deductible health plan.

These accounts can accumulate tax-deferred interest similar to individual retirement accounts. Funds in the HSA are fully vested, they are not subject to forfeiture.

HSAs are not reportable under Section 111 as long as Medicare beneficiaries do not make a current year contribution to an HSA or did not make a contribution during the time he/she was a Medicare beneficiary.

Slide 7 of 21- HRA Reporting Requirements

HRA Reporting Requirements

- HRA coverage may exist in addition to a ‘standard’ GHP
- Must be reported in addition to any other GHP coverage
- Two MSP Input File Detail Records are required when RRE provides

The diagram consists of two numbered items. Item 1 is a green rounded rectangle with a white circle containing the number '1' and the text 'Standard GHP'. Item 2 is a purple rounded rectangle with a white circle containing the number '2' and the text 'HRA'. The items are positioned side-by-side.

Slide notes

HRA coverage may exist in addition to a standard GHP. HRA coverage must be reported in addition to any other applicable GHP coverage. A Responsible Reporting Entity (RRE) may need to submit two MSP Input File Detail Records for an individual.

A Responsible Reporting Entity (RRE) may need to submit two MSP Input File Detail Records for an individual.

Two records are required when the RRE provides both standard GHP coverage and an HRA.

Slide 8 of 21- HRA Reporting Requirements

HRA Reporting Requirements

- RREs are required to include HRA coverage
- The Effective Date submitted for the HRA MSP Input File Detail Record should equal the HRA plan’s anniversary or renewal date
- Retroactive reporting is not required



Slide notes

RREs are required to include HRA coverage in Section 111 reporting. The Effective Date submitted on the HRA MSP Input File Detail Record should be the HRA’s plan anniversary or renewal date.

Retroactive reporting of HRA coverage is not required.

NOTE: Responsible Reporting Entities (RREs) regarding how drug records should be submitted for beneficiaries whose Health Reimbursement Accounts (HRAs) are comprehensive; that is, cover hospital, medical, and prescription drugs. For these HRAs, RREs should submit two MSP input drug records separately: one for “R” and one for “Z” coverage types.

Slide 9 of 21- HRA Reporting Requirements

HRA Reporting Requirements

Example 1	Example 2
<ul style="list-style-type: none">• HRA Plan year starts 1/1/2011• Effective Date submitted 1/1/2011• Record is reported in 1st Quarter of 2011 report	<ul style="list-style-type: none">• HRA Plan year starts 7/1/2011• Effective Date submitted 7/1/2011• Record is reported in 3rd Quarter of 2011 report

Slide notes

Here are two examples. If an HRA Plan year begins on January 1, 2011, the Effective Date submitted should be January 1, 2011. This coverage should be reported in the RRE's regular quarterly MSP Input File due in the first quarter of 2011.

This coverage should be reported in the RRE's regular quarterly MSP Input File due in the first quarter of 2011.

If the HRA's Plan year begins July 1, 2011, the Effective Date submitted should be July 1, 2011, and the coverage should be reported in the RRE's regular quarterly MSP Input File due in the third quarter of 2011.

As mentioned on the previous slide, retroactive reporting is not required.

Slide 10 of 21- HRA Reporting Requirements

HRA Reporting Requirements

Example 3

- HRA Plan year starts 11/1/2010
- If RRE reports in October, the HRA coverage cannot be submitted with an 11/1/2010 Effective Date
 - RRE must report the HRA record in their 1st Quarter report of 2011
- If RRE reports in November or December, HRA coverage should be reported with their 4th Quarter report

Slide notes

This final example involves an RRE that is reporting HRA coverage where the Plan year starts November 1, 2010.

If the RRE's regular reporting month is October, they cannot report the record in the October report because the Effective Date of November 1, 2010, would be a future date. Future Effective Dates are not permitted.

The RRE should report the HRA coverage record with the MSP Input File they submit in their first Quarter of 2011.

If the RRE's regular 4th Quarter reporting month is either November or December, the HRA coverage should be reported with their 4th Quarter report.

Slide 11 of 21- HRA Reporting Requirements New Enrollees

HRA Reporting Requirements New Enrollees

- New enrollees should be reported as soon as possible after their Effective Date
- HRA record is not considered late if Effective Date of HRA plan is within the 45 day period immediately before the RRE's assigned submission period
 - Record may be submitted in the next scheduled BCRC assigned reporting period

Slide notes

New enrollees should be reported as soon as possible after their Effective Date.

Recall however, CMS does not consider a record to be submitted late if the Effective Date of the HRA plan is within the 45-day period prior to the RRE's assigned submission period and the record is not reported in that period.

The record may be submitted in the next scheduled Benefits Coordination & Recovery Center (BCRC) assigned reporting period.

Slide 12 of 21- HRA Reporting Requirements New Enrollees

HRA Reporting Requirements New Enrollees

RRE Example

- Reports with Group 9
- Hires employees 2/1
- Can report during 3/1 - 3/7
- **Must** report during 6/1 - 6/7

Dates	1st Month	2nd Month	3rd Month
01 - 07	Group 1	Group 5	Group 9
08 - 14	Group 2	Group 6	Group 10
15 - 21	Group 3	Group 7	Group 11
22 - 28	Group 4	Group 8	Group 12

Slide notes

Assume an RRE’s assigned submission period is Group 9 (3rd Month, Dates 1 - 7). The employer hires several new employees on February 1st.

Since a 45-day grace period is allowed these individuals can be, but are not required to be, included in the MSP Input File that is submitted in the first week of March.

If they are not included in that file, they must be submitted on the next file which is due between June 1st and June 7th.

Slide 13 of 21- HRA Reporting Requirements Termination Dates

HRA Reporting Requirements Termination Dates

- Termination Dates are to be submitted when the covered individual loses or cancels coverage, or when the annual benefit value is exhausted, and no additional funds will be added to the HRA's current benefit coverage term.
- Do NOT send a termination date at the end of the plan year
- If reportable, HRA coverage continues year to year
 - Record may be reported with an open-ended Termination Date
- Do not send a Termination Date unless
 - HRA coverage is not continued the subsequent year
 - HRA coverage is not renewed the subsequent year

**Slide notes**

Termination Dates are to be submitted when the covered individual loses or cancels coverage, or when the annual benefit value is exhausted, and no additional funds will be added to the HRA's current benefit coverage term.

Notice of Termination is to be provided to the BCRC by including it in the RRE's next regularly scheduled MSP Input File Submission. The RRE may also call the BCRC Call Center, at 1-855-798-2627 (TTY/TDD: 1-855-797-2627), with notice of the termination.

The coverage record should remain open as the HRA will be replenished the following year. Do not send a Termination Date at the end of the plan year. If reportable HRA coverage continues year to year, then the record may be reported with an open-ended Termination Date as is done with non-HRA GHP coverage reporting. A Termination Date should not be reported unless the HRA coverage is not continued or not renewed in the subsequent year.

Slide 14 of 21- HRA Reporting Requirements Termination Dates

HRA Reporting Requirements Termination Dates

Example

- Beneficiary age 66 - MSP applies due to Working Aged
- HRA Plan Effective Date 1/1/2011
- \$5,000 plan limit exhausted 8/30/2011
 - Do not send Termination Date
- Plan renews 1/1/2012
- \$5,000 plan limit for 2012 exhausted 4/30/2012
 - Do not send Termination Date
- Beneficiary retires 6/15/2012
 - Send Termination Date of 6/15/2012

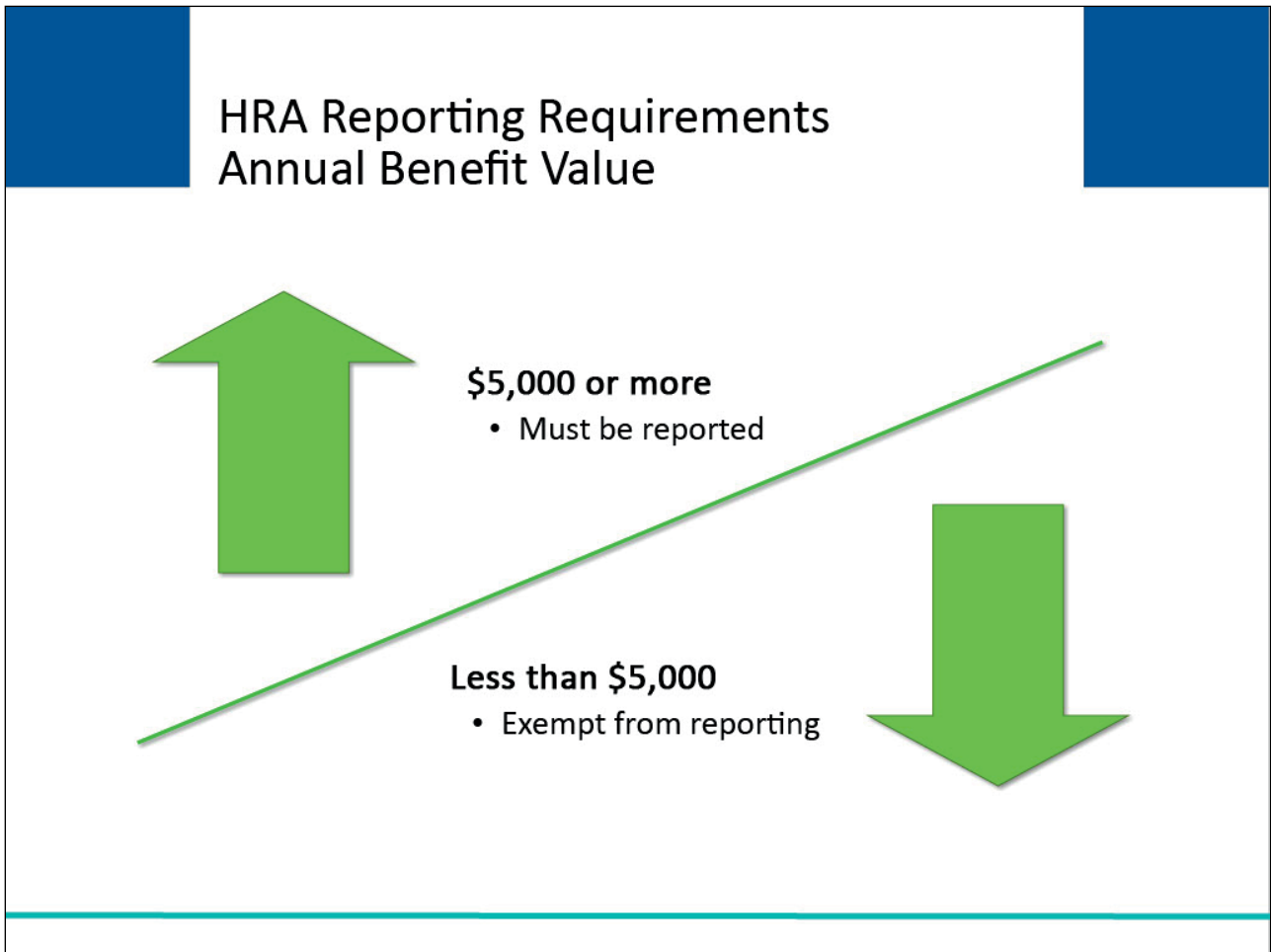
Slide notes

Assume we have a beneficiary who is age 66. Medicare is the secondary payer under the Working Aged provisions. The beneficiary enrolls in his employer's HRA effective January 1, 2011.

The HRA has a \$5,000 plan limit which is exhausted on August 30, 2011. Even though benefits are exhausted, a Termination Date should not be submitted. The record should remain open.

When the plan year starts over again on January 1, 2012, a new \$5,000 is available for the beneficiary to use. We will assume the beneficiary exhausts this second \$5,000 on April 30, 2012. Again, a Termination Date is not submitted as the coverage remains in effect. The beneficiary then retires from his employer on June 15, 2012. Since Medicare becomes the primary payer upon retirement, a Termination Date of June 15, 2012, should be submitted.

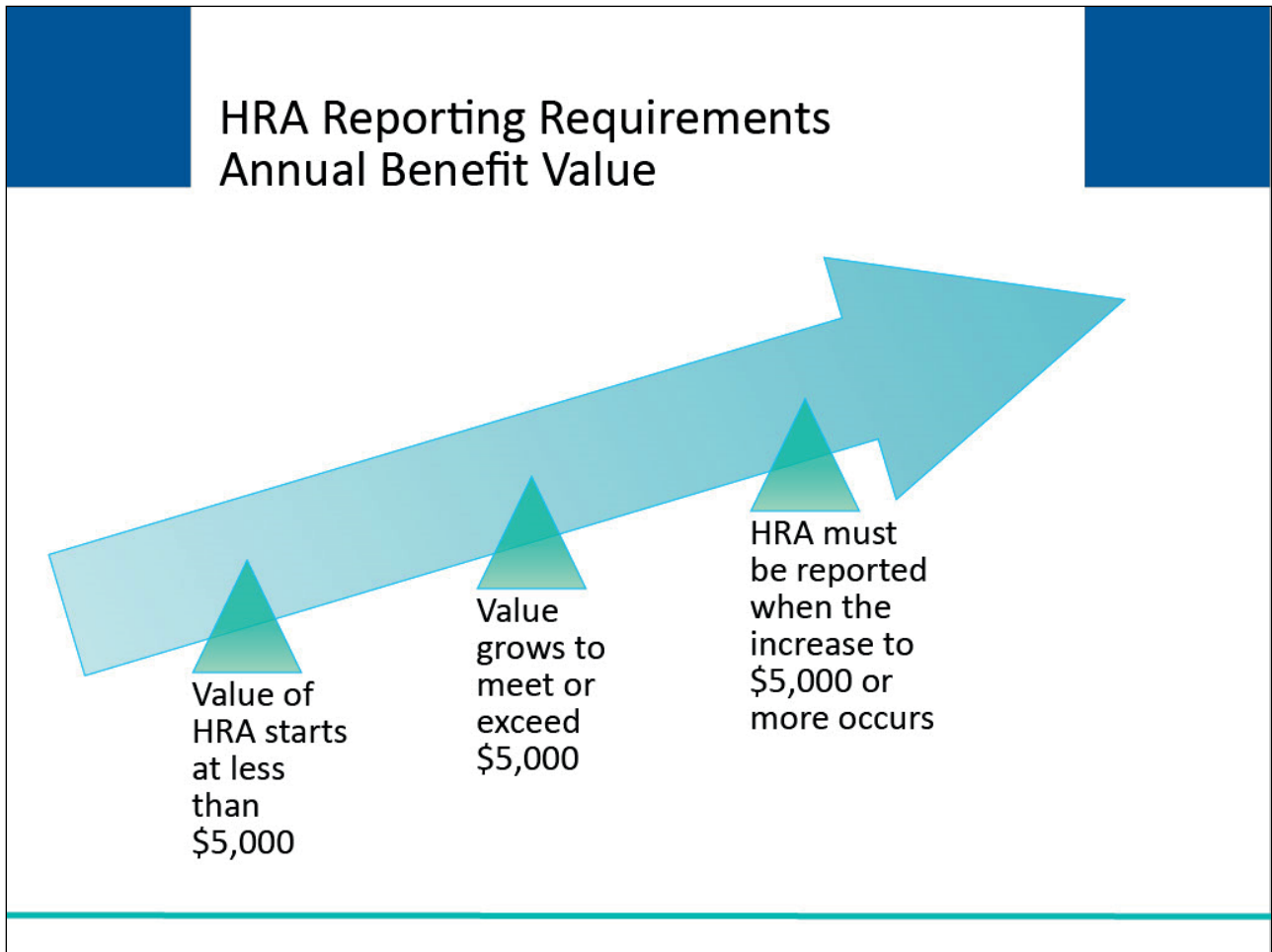
Slide 15 of 21- HRA Reporting Requirements Annual Benefit Value



Slide notes

HRAs with an annual benefit amount of less than \$5,000 are exempt from reporting. Only HRA coverage that reflects an annual benefit value of \$5,000 or more must be reported.

Slide 16 of 21- HRA Reporting Requirements Annual Benefit Value



Slide notes

Due to carry-over or roll-over options in an HRA, if the value of the HRA starts at less than \$5,000 but grows to meet or exceed \$5,000, the HRA must be reported when the increase to \$5,000 or more occurs.

Slide 17 of 21- HRA Reporting Requirements Annual Benefit Value

HRA Reporting Requirements Annual Benefit Value

Example

- HRA effective 1/1/2011 with a value of \$4,750
 - HRA does not have to be reported in 2011
- During 2011, none of the HRA is used and the full value rolls-over to 2012
- 1/1/2012 another \$4,750 added to the HRA
- As of 1/1/2012 the HRA total value = \$9,500
 - HRA must be reported starting 1/1/2012

Slide notes

In this example, assume an HRA first becomes effective on January 1, 2011. The annual benefit value of the HRA is \$4,750. Since the value of the HRA is under \$5,000, it does not have to be reported.

During 2011, none of the \$4,750 is used. As of January 1, 2012, due to a roll-over option, all \$4,750 from 2011 becomes available for use in 2012. On January 1, 2012, another \$4,750 is added to the HRA.

As of January 1, 2012, the total value of the HRA is now \$9,500. Since the total value of the HRA now meets or exceeds \$5,000, it must be reported.

Slide 18 of 21 - HRA Reporting Requirements Coverage Type

The slide features a white background with a blue header bar at the top. The title 'HRA Reporting Requirements Coverage Type' is centered in the header. Below the title, there is a diagram consisting of a dark blue circle on the left containing the text 'MSP Input File Detail Records'. A light blue rectangular box on the right contains the text 'Coverage Type (Field 8)=R'. A thin teal horizontal line is located at the bottom of the slide content area.

Slide notes

HRA coverage is to be reported using a value of 'R' in Coverage Type (Field 8) in MSP Input File Detail Records. It is critical that the proper Coverage Type be associated with HRA plans.

Slide 19 of 21- Course Summary

Course Summary



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Slide 20 of 21 - Conclusion



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Slide 21 of 21 – GHP Training Survey



If you have any questions or feedback on this material, please go to the following URL:
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Slide notes

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