Welcome to the Health Reimbursement Arrangement (HRA) course.
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://go.cms.gov/mirghp.

Slide notes

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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.
Health Reimbursement Arrangement (HRA)

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.
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 remain 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.
Health Savings Accounts (HSAs), also known as Medical Savings Accounts or 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 or;

- Did not make a contribution while he/she was a Medicare beneficiary.

**Slide notes**

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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.
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

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.

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

Section 111 RREs who receive RX 07 error codes when submitting drug records for beneficiaries who have not yet enrolled in a Medicare Part D plan can resubmit records that received this error on your first file submission of the next calendar year or monitor the individual’s Medicare Part D enrollment status by logging in to the Section 111 COBSW portal and using the Beneficiary Lookup Tool.

Please make note that there are Special Enrollment Periods (SEPs) that can make a Medicare beneficiary qualify for Part D. It is the RRE’s responsibility to ensure correct reporting.
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

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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.

All HRAs, including ICHRAs, qualified small employer health reimbursement arrangements (QSEHRAs), and excepted benefit HRAs, are subject to the applicable MSP provisions regardless of whether or not they have an end-of-year carry-over or roll-over feature (Section 727 ).
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.

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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.
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.
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.

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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.
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.
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

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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.
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.

<table>
<thead>
<tr>
<th>Example</th>
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<tbody>
<tr>
<td>• <strong>Beneficiary age 66 - MSP applies due to Working Aged</strong></td>
</tr>
<tr>
<td>• HRA Plan Effective Date 1/1/2011</td>
</tr>
<tr>
<td>• <strong>$5,000 plan limit exhausted 8/30/2011</strong></td>
</tr>
<tr>
<td>• Do not send Termination Date</td>
</tr>
<tr>
<td>• Plan renews 1/1/2012</td>
</tr>
<tr>
<td>• <strong>$5,000 plan limit for 2012 exhausted 4/30/2012</strong></td>
</tr>
<tr>
<td>• Do not send Termination Date</td>
</tr>
<tr>
<td>• <strong>Beneficiary retires 6/15/2012</strong></td>
</tr>
<tr>
<td>• Send Termination Date of 6/15/2012</td>
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</tbody>
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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.
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.
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.
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.
You have completed the HRA course. Information in this course can be referenced by using the GHP User Guide’s table of contents and any subsequent alerts. These documents are available for download at the following link: http://go.cms.gov/mirghp.

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

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If you have any questions or feedback on this material, please go the following URL: GHP Training Survey Link.