



EVERYTHING
YOU EVER WANTED
TO KNOW ABOUT AN / HRA



What is an HRA?

A **Health Reimbursement Arrangement (HRA)** is an employer-sponsored healthcare benefit that allows employers to contribute funds for employees to use toward their out-of-pocket qualifying medical expenses.

An HRA can only be contributed to by the employer. There are no employee contributions permitted.

Who is eligible for an HRA?

Most full-time employees are eligible to participate in an HRA, though eligibility may be determined by the employer.

DID YOU KNOW?

Qualified medical care can be reimbursed with your HRA as well as eligible products, including over-the-counter meds, sunscreen, and more.



A male doctor with a beard, wearing a white lab coat over a light blue shirt, has a stethoscope around his neck. He is holding a blue clipboard and a pen, and is looking down at it while talking to a patient. The patient's hand is visible in the foreground, gesturing. The background is a bright, clinical setting.

FUN FACT /

HRAs are essentially bonus money an employer can offer to employees to pay for qualified health expenses.

What can be purchased with an HRA?

HRA eligibility is designated by the employer and can vary greatly depending on the plan design. Some employers may choose to offer an HRA that is limited to match the exposure provided for by the group health plan, such as to pay for out-of-pocket costs to cover coinsurance or deductible payments only. Other employers may choose to broaden what's eligible with their HRA offering to include all qualified medical expenses, which would include costs associated with qualified medical care as well as for eligible products, including over-the-counter medicine, sunscreen, first aid and more.

In some cases, HRA qualified expenses may even be extended to include those for qualified vision and dental care.



DID YOU KNOW?

You don't have to contribute anything from your paycheck in order to enjoy this benefit; your employer just has to offer it.



What is typically not eligible for purchase with an HRA?

HRA eligibility is determined by the employer, so your HRA will only cover qualified expenses that are permitted by the plan. Any expense not expressly permitted by the plan will not be eligible.

In general, HRAs cannot be used to pay for the cost of health-insurance premiums —though there are some exceptions to this based on the type of HRA your employer offers. Check with your HR representative to find out what your HRA will reimburse. HRAs also cannot be used to reimburse for cosmetic surgery or expenses that are incurred simply for the purpose of general good health or hygiene. For example, expenses for teeth whitening, non-prescription sunglasses, and toothbrushes are all non-eligible expenses.



Are there annual contribution limits for the HRA?

As HRAs are funded by the employer, it is up to the employer to determine how much they are willing to fund in the HRA (i.e. the limit).

Can I use my HRA for my spouse and children?

In many cases, yes. Most employers allow HRAs to be used for the account holder as well as their qualifying spouse and children, however plan design choices are up to the employer, so it's important for account holders to always understand the details of their plan.



Can I have an HRA and HSA (health savings account) at the same time?

In most cases, having an HRA would disqualify a person from also having an HSA. Exceptions to this may apply if the HRA is limited to only cover expenses related to vision or dental care, or if the HRA is designed to only pay for expenses after the HSA holder has met the IRS-mandated minimum deductible for a high deductible health plan (HDHP). Note: The 2023 IRS-mandated minimum deductible for an HDHP is \$1,500 for an individual and \$3,000 for a family.



Can I have an HRA and an FSA (flexible spending account) at the same time?

Yes! Since HRAs are funded only by the employer, an employer may also offer their eligible employees the option to contribute pre-tax dollars to a health FSA to cover qualified medical expenses at the same time.

An HRA may also be offered in tandem with a DCFSA.

Does an HRA expire?

Yes, with certain exceptions. In general, an HRA runs on a 12-month plan year with a deadline for expiration, after which there may be additional time to submit for reimbursement of qualified expenses incurred within the plan year, or in some cases, an employer may permit a partial or full rollover of remaining funds to the following year.