

# HEALTH REIMBURSEMENT ARRANGEMENT

Together with Vitality, our health plan options combine to create The Destiny Health Empowerment Plan™—an integrated offering that gives members the power to take charge of their health and help reduce their healthcare costs.



As part of our suite of health plan offerings, Destiny Health provides Health Reimbursement Arrangements (HRAs) as an exciting way for you and your employees to manage healthcare spending.

## WHAT IS A HEALTH REIMBURSEMENT ARRANGEMENT (HRA)?

HRAs are a tax-efficient way for you to set aside money for your employees to pay for qualified medical expenses.

### What can HRA funds be used for?

Employees can use HRA funds to pay for medical expenses they incur before satisfying their deductible. Unused HRA funds roll over from year to year for subsequent use by employees.

#### Optional riders

Employers concerned about out-of-pocket costs for preventive care or for prescription drugs can choose optional riders. With the preventive care rider, for example, members receive first-dollar coverage for select preventive care services, including childhood immunizations, pap smears and colorectal screenings.

### How are HRAs funded?

HRAs can only be funded by employers. You determine the amount that is available from a HRA. The HRA is only funded when the dollars are spent by your employees. With a HRA, employees can still pay for all or a portion of the health plan's insurance premium with pre-tax salary deductions.

### What happens to HRA funds when an employee leaves?

The Destiny Health Empowerment Plan offers employers flexibility to determine what access employees are given to unused HRA funds when they terminate coverage under the health plan as follows:

#### Option 1

*(lowest cost)*

Unused funds are no longer made available for claims incurred after the employee's termination date.

#### Option 2

Employees can continue to access a portion of their unused funds based upon a five-year vesting schedule determined by how long an employee was covered by The Destiny Health Empowerment Plan.

#### Option 3

*(highest cost)*

Employees can continue to access all their unused funds for qualified medical expenses and/or COBRA premiums.



## HRA benefits for employers

**Greater cost control**—You have more flexibility to manage current and future healthcare costs by controlling your HRA contributions. Employees have more incentive to get involved in managing their health and to make wise spending decisions.

**Tax benefits**—You can deduct benefits provided by the HRA. In addition, these amounts are not subject to withholding for federal employment taxes.

## HRA benefits for employees

**Ownership/equity**—Because your employees have control over healthcare dollars and can roll over HRA funds from year to year, they have an incentive to spend wisely on medical care and shop around for the best value. Access to HRA funds even after employment—within the vesting parameters employers specify with The Destiny Health Empowerment Plan—expands a sense of ownership for employees.

**Early access to annual funds**—From the beginning of a plan year, employees have access to their entire annual HRA allocation.

**Convenience**—The Destiny Health Empowerment Plan's administration is integrated with the HRA. At Destiny Health, the insurance claims system is linked directly with the HRA so your employees can go to one source for all the information, tools and resources to manage their HRA and insurance plan. It means one-stop access to account balances and health information and seamless integration of claims handling.



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