

# Split Deductible HRA/FSA Plan

Plan Year 2020-2021



The City of Brenham offers their employees a Split-Deductible Health Reimbursement Account (HRA) in addition to a Flexible Spending Account (FSA) to help pay for healthcare expenses. This is also known as the Split Deductible HRA/FSA Plan (“Brenham Plan”).

**The below table summarizes the differences between the Split Deductible HRA Plan and the FSA Plan that together comprise the Brenham Plan.**

Split Deductible Health Reimbursement Account (HRA)	Flexible Spending Account (FSA)
<p>“Health Reimbursement Arrangement” or “HRA” means an employer-provided and funded medical reimbursement plan under Code §105 and 106 and regulations issued thereunder, and as a health reimbursement arrangement as defined under the Internal Revenue Code, IRS Notice 2002-45, and other implementing rules and regulations, that reimburses employees for medical care expenses, up to a maximum dollar amount for a coverage period. Such reimbursements are not included in, or taken from, the employee’s income.</p> <p>In the Split Deductible HRA plan, your employer-funded HRA pays a portion of your deductible after you have met a certain deductible threshold.</p>	<p>“Flexible Spending Arrangement” or “FSA” means generally an arrangement that allows employees to be reimbursed for medical and certain other expenses and are funded through voluntary salary reduction agreement. Contributions made by an employee to an FSA are generally excluded from the employee’s gross income, and contributions by the employee are made “tax-free,” meaning no employment or federal income taxes are deducted from the contributions. Further, reimbursements for qualified medical expenses are not subject to income tax, and are prefunded; meaning, “employees can be reimbursed through their FSA for qualified medical expenses before all employee payroll contributions are made during the Plan year.”</p>

## Who funds the accounts in the Brenham Plan?

Split Deductible HRA	FSA
<p>The Split Deductible HRA is funded by the City of Brenham.</p>	<p>The FSA is funded by you, through tax-free deductions from your paycheck taken monthly throughout the Plan year.</p>

## What is the Brenham Plan – the Split Deductible HRA/FSA Plan?

The Brenham Plan is an employer-sponsored Split Deductible HRA plan that can be used to reimburse a portion of your and your eligible family members medical deductible costs. It is not an insurance program, but a financial reimbursement plan funded entirely by your employer.

The City of Brenham has designated a specific dollar amount to be reimbursed to you once you meet \$1,200 of your individual deductible up to \$2,400 family deductible (if applicable) for Plan Year 2020-2021. Deductibles start over calendar year.

## How Does the Brenham Plan Work?

The City of Brenham will fund the Split Deductible HRA

Plan in the Brenham Plan up to \$1,800 per Employee and up to \$1,800 for enrolled Dependent(s) not to exceed \$3,600 for Family coverage.

The Split Deductible HRA Plan reimbursement will be available once the HRA Claim Form and proof of deductible payment are received for both the initial deductible threshold paid by the employee and any deductible amount over this up to \$1,800 Per Individual or \$3,600 Family.

TML Health will not issue debit cards for HRA reimbursements. Instead, employees are required to submit receipts via fax, secure email, online, or by mail to show proof of the deductible payment along with the detailed (itemized) statements or Explanation of Benefits to TML Health for tracking purposes.

## What is the maximum reimbursement amount from the Brenham Plan's Split Deductible HRA plan?

Coverage	Deductible Threshold	HRA Reimbursement Maximum
Individual Employee and/or Dependent	\$1,200	\$1,800
Family	\$2,400	\$3,600

## Are expenses eligible for reimbursement under both my Split Deductible HRA and FSA accounts under the Brenham Plan?

The HRA and FSA accounts in Brenham's Split Deductible HRA/FSA Plan are separate accounts and provide reimbursement of qualified medical expenses that are defined by the City of Brenham and the Internal Revenue Service (IRS).

This means employees cannot submit a claim for an eligible FSA expense and then request reimbursement for the same expense from the Brenham Plan's HRA.

There is no "double-dipping."

## Does the money in the Brenham Plan's Split Deductible HRA or FSA accounts earn interest?

No, the Brenham Plan's Split Deductible HRA and FSA accounts are not individually owned bank accounts and do not earn interest.

## Do funds carry over at the end of the twelve-month plan period?

Yes, beginning in the October 1, 2020 Plan Year, under the Brenham Plan's Flexible Spending Account employees will be permitted to carryover up to \$550.00 of unused amounts at the end of the Plan period (i.e., September 30, 2021). These funds can be used to pay or reimburse an employee for medical care expenses incurred in the following Plan year.

## If I terminate employment or retire can I be reimbursed for qualified medical expenses incurred after my termination date?

Your participation in the Brenham Plan will end automatically upon the date of retirement or termination of your employment. Expenses for services you have after your termination date typically are not eligible for reimbursement.

You may be entitled to elect COBRA continuation coverage under the Brenham Plan and receive reimbursement for eligible HRA expenses incurred prior to your termination or retirement. If you retire or terminate your employment with the City of Brenham, you will be allowed a spenddown period of ninety (90) days for services incurred while still active. You must be eligible and make the required COBRA premium payment.

A "Spenddown Period" provision allows HRA participants to submit eligible HRA expenses, incurred during a specific time frame, after termination, as follows:

- (1) following termination of employment and before election of and payment for COBRA coverage during which you may continue to access the HRA benefits for expenses incurred during the HRA benefit period and/or during the spenddown period;
- (2) following the death of the employee and before election of and payment for COBRA coverage during which the spouse or dependent may continue to access the HRA benefits for expenses incurred during the HRA benefit period and/or during the spenddown period; or
- (3) following termination of the Plan by the employer during which you may continue to access the HRA benefits for expenses incurred during the HRA benefit period and/or during the spenddown period.

## Are employers required to offer COBRA for an HRA and FSA?

Yes, the employer is required to extend COBRA rights for both the Split Deductible HRA and FSA Plans.

## How do I submit a reimbursement claim for the Split Deductible HRA?

To help protect your Personal Health Information, you may submit Split Deductible HRA deductible and/or reimbursement receipts using the following methods:

- **Online:** Login to your account at: [www.tmlhealthbenefits.org](http://www.tmlhealthbenefits.org). Click on "Debit Card Activity" link, then click on "Submit Reimbursements" and follow the instructions for submitting your documentation.
- **By fax:** (512) 719-6565
- **By secure email:** [bemail@tmlhb.org](mailto:bemail@tmlhb.org)
- **By mail:** TML Health, PO Box 140167, Austin, TX 78714-0167

## What supporting documentation must I file with the Brenham Plan for my Split Deductible HRA reimbursement request?

- HRA Claim Form
- Proof of deductible payment/receipt(s) showing provider, date of payment, amount paid, and authorization/verification number.
- Itemized statement or Explanation of Benefits (EOB) showing provider, date of service, deductible responsibility amount, claim number.

Each time you submit claims to TML Health, you will receive an EOB, Plan Information Summary, or an itemized statement detailing what the health plan will pay and what you must pay. For expenses that are partially covered under another insurance plan, you must attach a copy of both EOBs.

For expenses that are not submitted to another insurance plan, you must attach a copy of an itemized bill containing the following information:

- Name of patient
- Name and address of provider
- Description of service
- Date of service
- Amount of service

The documentation requirements are also listed on the HRA Account Claim Form to assist you in properly filing your claim. Following these guidelines will ensure you receive your reimbursement without unnecessary delays.

### How long after the Plan year ends do I have to submit claims for the Split Deductible HRA reimbursement?

A claim for the Split Deductible HRA reimbursement of expenses under the Brenham Plan must be submitted to TML Health within three hundred sixty (360) days of the incurred date within the Plan year.

### When can I expect to receive my Split Deductible HRA Plan reimbursement?

Claims are generally processed within 10 business days of receipt. Reimbursements are then processed and released on Fridays and on the last day of each month.

### How do I know why my claim was denied?

You will receive a letter indicating the reason for the denial along with instructions for submitting the requested documentation.

### Can my FSA and the Split Deductible HRA reimbursement pay for the same expense?

While an employee can choose to have both a Split Deductible HRA account and an FSA account at the same time under the Brenham Plan, pursuant to IRS Notice 2002-45, the same expense cannot be reimbursed from both accounts. Notice 2002-45 also states that special coordination or ordering rules should be implemented to determine whether the Brenham Plan's HRA or FSA should be used first.

### Do I have to exhaust the \$2,750 FSA limit before I can submit a claim to have a qualified medical expense reimbursed from my Split Deductible HRA account?

- Ordering of Reimbursements with FSA Plan. Benefits under this Plan will be provided in coordination with the FSA Plan. Medical care expenses incurred by you may not be reimbursed under the Brenham Plan until the threshold deductible is met. Once the threshold deductible is met and the HRA reimbursement amount is exhausted, additional qualified medical expenses may be paid for from your FSA account if any amounts remain in the FSA account.
- Medical care expenses include payments for the diagnosis, cure, mitigation, treatment, or prevention of disease, or payments for treatments affecting any structure or function of the body.

## Split Deductible HRA/FSA Example

### \$3,000: Split Medical Individual Deductible

**\$1,200:** You pay your **medical calendar year deductible threshold** through your personal account or out of your **FSA (if available)**

**\$1,800:** The HRA (Health Reimbursement Arrangement, funded by the employer) pays the remainder of your **medical deductible with proper documentation**. You cannot submit a claim for an eligible **FSA** expense and then request reimbursement for the same expense from the Brenham Plan's HRA = No Double Dipping!

Once your **full medical deductible** is met, the medical plan will pay 80% coinsurance in-network and your responsibility is reduced to 20% until you reach an additional:

### \$4,000: Individual Out of Pocket

Once your calendar year medical deductible is met and the HRA is exhausted, you may use your personal account or the remainder of your **FSA (if available)** to cover the out of pocket expenses

## Up to \$2,750: Flexible Spending Account (FSA)

The FSA plan (if available/as funds allow) can be used for:

- The \$1,200 medical deductible threshold AND/OR
- Out of Pocket (after the Calendar Year Deductible has been met and HRA exhausted) AND/OR
- Can be used for other qualified expenses such as, Medical Copays, RX Copays, OTC Drugs, Dental, Vision, etc.

\*Deductible and Out of Pocket are Calendar Year and shown In-Network at the Individual level only

\*\*Covered dependents have their own individual deductible and out of pocket, until the family maximum is met