



## Introduction

As an HRA VEBA participant, you should take some time to read through this Participant FAQ, particularly if you are receiving contributions and are (a) not eligible to enroll in your employer's group health plan or (b) otherwise not enrolled in or covered by your employer's group health plan or any other qualified group health plan (read **Q3: What is a qualified group health plan?**). You should carefully read this material if you have opted out of your employer's group medical plan. The Participant FAQ begins on page two of this handout.

## Three key things to know

**1.** You will likely be affected by the plan design change only if you are **(a) actively employed and will receive future HRA VEBA contributions; (b) not eligible to enroll in your employer's group health plan; or (c) otherwise not enrolled in or covered by your employer's group health plan or any other qualified group health plan.**

**2.** You will keep your current HRA VEBA account, but if you are (a) not eligible to enroll in your employer's group health plan or (b) otherwise not enrolled in or covered by your employer's group health plan or any other qualified group health plan, future HRA VEBA contributions will be directed to a new, post-separation HRA VEBA account on your behalf.

**3.** You can keep filing claims to your current HRA VEBA account, but if you receive contributions to a new, post-separation HRA VEBA account, you must first separate from service or retire before becoming eligible to file claims to your post-separation account.

## Overview

In order for HRA VEBA to stay compliant with certain federal health care reform regulations, it has restructured its plan design to offer two separate plans: the **Standard HRA Plan** and a new **Post-separation HRA Plan**.

The **Standard HRA Plan** is the same HRA VEBA plan you have always had—it just has a new name. Soon, the Standard HRA Plan will accept contributions only for participants who are (a) enrolled in or covered by their employer's group health plan or (b) are eligible to enroll in their employer's group health plan but attest they are enrolled in or covered by another qualified group health plan. HRA VEBA accounts for such participants are considered to be "integrated" with their qualified group health plan, which is required under federal health care reform to remain compliant with certain applicable regulations.

The **Post-separation HRA Plan** is a new, separate plan that can accept contributions on behalf of participants who do not qualify for contributions to the Standard HRA Plan. So, if you do not qualify for contributions to the Standard HRA Plan, you may soon have two HRA VEBA accounts: your current **Standard HRA Plan** account with accumulated funds and a new **Post-separation HRA Plan** account for future contributions.

## Participant Frequently Asked Questions (FAQ)

Please read this Participant FAQ to learn more about HRA VEBA's plan design change. It will help you better understand the change, why it was necessary, and whether it may affect you.

Here's a list of the October 31, 2013 material updates:

- Updated **Q2: How has HRA VEBA's plan design changed?** and **Q7: Will I have to switch to the Post-separation HRA Plan?** to remove the limitation that you must be enrolled in or covered by your employer-sponsored group medical plan to be eligible for contributions to the Standard HRA Plan. Per new IRS guidance, your employer may now consider any qualified group health plan when determining whether you are eligible for contributions to the Standard HRA Plan versus the Post-separation HRA Plan.
- Added **Q3: What is a qualified group health plan?**
- Updated **Q11: What happens if I have opted out of my employer's group medical plan in exchange for HRA VEBA contributions?** to confirm that you may continue receiving contributions to the Standard HRA Plan if you are enrolled in or covered by a qualified group health plan.
- Updated **Q12: What else is changing due to federal health care reform?** to include a revised explanation of the treatment of death forfeitures occurring on or after January 1, 2014. Also, added an explanation regarding the small number of claims-eligible participants who may be eligible to purchase health coverage through the Health Insurance Marketplace (exchange) and receive a premium tax credit (subsidy).

Here's a list of the **November 22, 2013** material updates:

- Updated **Q2: How has HRA VEBA Trust's plan design changed?; Q4: When might I be affected by HRA VEBA Trust's plan design change?; and Q7: Will I have to switch to the Post-separation HRA Plan?** to clarify Standard HRA Plan and Post-separation HRA Plan eligibility requirements.
- Updated **Q3: What is a qualified group health plan?** to confirm that Medicare and VA coverage are likely not qualified group health plans.

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### **Q1: Why has HRA VEBA's plan design changed?**

HRA VEBA's plan design has been changed due to federal health care reform. Federal health care reform prohibits group health plans from placing annual or lifetime dollar limits on certain benefits. HRA VEBA is an account-based group health plan that, by design, limits benefits to a participant's available account balance. In order for HRA VEBA to stay compliant and avoid the annual and lifetime limits restrictions, the plan design has been changed to offer two separate

plans: the **Standard HRA Plan** and a new **Post-separation HRA Plan** (read **Q2: How has HRA VEBA's plan design changed?**).

The annual and lifetime limits prohibition does not apply to health reimbursement arrangements (HRAs) that are integrated with the employer's group health plan (that complies with the annual and lifetime limits restriction) or HRAs that allow participants to file claims only after they separate from service or retire.

## **Q2: How has HRA VEBA's plan design changed?**

HRA VEBA now offers two separate plans: the **Standard HRA Plan** and a new **Post-separation HRA Plan**. The Standard HRA Plan is the same HRA VEBA plan you have always had—it just has a new name. The Post-separation HRA plan is a new, separate plan.

HRA VEBA's **Standard HRA Plan** is designed to be "integrated" with a qualified group health plan. HRAs are considered "integrated" with other group medical coverage when, under the terms of the HRA plan, the HRA is available only to employees who are (a) enrolled in or covered by their employer's group health plan or (b) eligible to enroll in their employer's group health plan but attest they are enrolled in or covered by another qualified group health plan (read **Q3: What is a qualified group health plan?**).

The **Post-separation HRA Plan** is designed to provide benefits only after a participant separates from service or retires; therefore, it is not subject to the annual limits restrictions and certain other provisions of the Public Health Service Act. The Post-separation HRA Plan can accept contributions on behalf of any eligible employee, including those who do not qualify for contributions to the Standard HRA Plan.

## **Q3: What is a qualified group health plan?**

In order for a plan to be considered a qualified group health plan (QGHP), it must meet the following criteria:

1. **The plan must be a group health plan as defined by the ACA and related regulations.** Individual plans, including those accessed through the Health Insurance Marketplace (exchange), are not considered group health plans.
2. **The plan must meet minimum value requirements set forth under the ACA.** This information can typically be found in the plan's Summary of Benefits and Coverage available from the plan's insurance carrier.

**Based upon current regulatory guidance, the following types of plans can generally be considered QGHPs, assuming they meet the minimum value requirements:** plans sponsored by an employer or group of employers, employee groups, labor unions, or associations; coverage through a former employer, including state-sponsored retiree coverage; TRICARE; Taft-Hartley plans; and group plans available to small businesses through the SHOP Marketplace.

**The following types of plans are likely not QGHPs, based upon current regulatory guidance:** individual plans (purchased through the Health Insurance Marketplace (exchange) or otherwise); Medicare; Medicaid; VA coverage; Indian Health Services coverage; and indemnity coverage.

**Q4: When might I be affected by HRA VEBA's plan design change?**

If you are (a) not eligible to enroll in your employer's group health plan and (b) otherwise not enrolled in or covered by your employer's group health plan or any other qualified group health plan, your employer will direct its contributions for you to the Post-separation HRA Plan beginning on or before January 1, 2014. The exact date will vary by employer (and/or individual employee group) and will depend upon a variety of factors, such as the effective dates of collective bargaining agreements and employer policies, whether you will be receiving "new" or "increased" contributions, internal administrative decisions, etc. You should check with your employer for more specific details.

**Q5: Is HRA VEBA's fee structure changing?**

HRA VEBA's fee structure is not changing. Fees for claims-eligible accounts will remain at \$1.50 per month, plus an annualized, asset-based fee of approximately 1.25%. Participant accounts that are not yet claims-eligible will be charged \$1.25 per month, plus the annualized, asset-based fee of approximately 1.25%. If you have more than one HRA VEBA account, the monthly fee applies only to your first claims-eligible or non-claims-eligible account and will be waived for your other account(s).

**Q6: What is the difference between the Standard HRA and Post-separation HRA Plans?**

The main difference between the Standard HRA and Post-separation HRA Plans has to do with claims eligibility. Under the **Standard HRA Plan**, you can file claims at anytime (subject to your employer's plan design). But, under the **Post-separation HRA Plan**, you must first separate from service or retire before becoming claims-eligible. All other terms and conditions are the same.

**Q7: Will I have to switch to the Post-separation HRA plan?**

If you are enrolled in or covered by your employer's qualified group health plan, you likely will not have to switch to the Post-separation HRA Plan, and HRA VEBA contributions from your employer will continue to be deposited into your current HRA VEBA account under the Standard HRA Plan. If you are (a) not eligible to enroll in your employer's group health plan or (b) not otherwise enrolled in or covered by your employer's group health plan or any other qualified group health plan, future HRA VEBA contributions you may receive from your employer will be directed to the Post-separation HRA Plan (read **Q4: When might I be affected by HRA VEBA Trust's plan design change?**).

**Q8: What happens to my current HRA VEBA account under the Standard HRA Plan if I receive future contributions under the Post-separation HRA Plan? Can I continue to use it as I always have?**

Your current HRA VEBA account will remain under the Standard HRA Plan and will not transfer to the Post-separation HRA Plan. You can continue to save or use funds in your Standard HRA account as you always have until such funds are exhausted.

**Q9: If my employer directs future HRA VEBA contributions for me to the Post-separation HRA Plan, when can I begin filing claims?**

If you have an HRA VEBA account under the Post-separation HRA Plan, you will become eligible to file claims after you separate or retire from your employer. The Post-separation HRA Plan cannot reimburse expenses incurred before you separate from service or retire.

**Q10: After I separate or retire from my employer and my Post-separation HRA account becomes claims-eligible, what happens if I go back to work?**

Your claims eligibility under your Post-separation HRA account will continue so long as you remain separated or retired from the employer that contributed to your account. In other words, you can go to work for a different employer and remain claims-eligible. However, if you were to become re-employed, in any capacity, by the employer that contributed to your account, you would not be eligible to file claims for expenses you may incur while you are re-employed by that employer.

**Q11: What happens if I have opted out of my employer's group medical plan in exchange for HRA VEBA contributions?**

Your employer may continue making its HRA VEBA contributions on your behalf to the Standard HRA Plan, so long as you are enrolled in or covered by any other qualified group health plan (read **Q3: What is a qualified group health plan?**). If you are not enrolled in or covered by a qualified group health plan, your employer will direct its contributions on your behalf to the Post-separation HRA Plan.

**Q12: What else is changing due to federal health care reform?**

**Death forfeitures:** In the unlikely event you pass away with remaining funds in a Standard HRA Plan and/or a Post-separation HRA Plan account, your surviving spouse's and dependents' ability to continue using your account(s) to reimburse their qualified healthcare expenses and premiums is not changing. If you have no eligible survivors, the executor of your estate can spend down your account(s) by filing claims for any unreimbursed expenses you may have incurred prior to your death. Remaining funds (if any) after all final claims have been reimbursed would then be forfeited.

Integration limitations under federal health care reform likely prevent death forfeitures from being reallocated directly to all other participant accounts from your employer after December

31, 2013. Therefore, beginning January 1, 2014, if you pass away with no surviving spouse or dependents and have a remaining, unused account balance under either the Standard HRA Plan or Post-separation HRA Plan, such remaining account balance(s) will be held within HRA VEBA Trust until your employer provides instructions as to how the forfeited funds should be re-contributed to eligible participants.

**Health Insurance Marketplace (exchange) premium tax credit (subsidy) eligibility:** As required by recent federal guidance in the form of IRS Notice 2013-54, HRA VEBA Plan document updates are anticipated that would permit you, if you may be eligible to receive a premium tax credit (subsidy) through the Health Insurance Marketplace (exchange), to irrevocably elect a "Pre-Medicare Limited Scope" form of HRA VEBA coverage, or permanently waive your HRA VEBA coverage altogether, in order to become eligible to receive the subsidy. The HRA VEBA Board of Trustees is currently studying this issue with its outside counsel and its plan consultant, VEBA Service Group. More information is expected to be provided later this year.

**Q13: How will I know if my employer has directed its contributions for me to the Post-separation HRA plan?**

After your employer directs its first contribution for you to the Post-separation HRA Plan, HRA VEBA's third-party administrator, Meritain Health, will send you a welcome packet to let you know you have a new HRA VEBA account under the Post-separation HRA Plan. The welcome packet will contain your Post-separation HRA Plan account number, confirmation of the contribution amount, your investment allocation, and **myHRA VEBA online** login instructions.

**Q14: If my employer directs its future HRA VEBA contributions for me to the Post-separation HRA plan, how will those funds be invested?**

Funds contributed by your employer to the Post-separation HRA Plan will be invested the same as your current account under the Standard HRA Plan (according to your most recent investment allocation on file). If you want to invest your new Post-separation HRA Plan account differently, you can do so after logging in to your account online or by submitting an Investment Allocation Change Form with your Post-separation HRA Plan account number. If you have more than one account and submit an Investment Allocation Change Form that does not contain a specific account number, your requested change will be applied to each of your accounts.

**Q15: If I do not qualify for contributions to the Standard HRA Plan and do not want to participate in the Post-separation HRA plan, do I have a choice?**

IRS rules do not permit individual choice; all employee group members defined as eligible must participate. However, if you belong to a collectively-bargained employee group, such as a union group, your employee group leadership and employer may agree to amend your group's HRA VEBA eligibility criteria to reduce or stop HRA VEBA contributions for those who do not qualify for contributions to the Standard HRA Plan. Your employer may amend its HRA VEBA policy in a similar manner for non-represented employees.

**Q16: Where can I get more information?**

This FAQ is intended to provide you with a general understanding of HRA VEBA's two separate plans: the **Standard HRA Plan** and the new **Post-separation HRA Plan**. You should contact your employer if you have questions or would like information specific to your employer's HRA VEBA program.

If you have general questions about the HRA VEBA plans, call HRA VEBA's plan consultant, VEBA Service Group, a Division of Gallagher Benefits, Inc. A client consultant or service representative is available to assist you in Spokane at 1-800-888-8322; Sumner at 1-800-422-4023; Vancouver at 1-877-695-3945; or Richland at 1-855-565-2555.