



**Section 1: Group Information**

Legal Name of Company: \_\_\_\_\_

Trading as: \_\_\_\_\_

Is this a current account with GBS?    YES    NO

YES? – GBS Account Number: \_\_\_\_\_

Physical Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_

Mailing Address (if different): \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_

Type of Business: \_\_\_\_\_ SIC: \_\_\_\_\_ Tax ID: \_\_\_\_\_

Corporation  
  Partnership  
  C-Corp  
  S-Corp  
  Sole Proprietorship  
  LLC  
  Other \_\_\_\_\_



**Section 2: Contacts**

Company Official:	Title:	Phone:	Email:
Administrative Contact:	Title:	Phone:	Email:
Agency Name:	Broker:	Phone:	Email:



**Section 3: Debit Cards**

Does the Employer wish to provide Debit Cards?    YES    NO

Are the Employees to receive Debit Cards?    YES    NO

Are Eligible Spouses to receive Debit Cards?    YES    NO



**Section 4: Plan and Eligibility**

Name of Health Insurance Carrier:		Name of Health Plan:	
Health Plan Year Effective Date:	Health Plan Year End Date:	HRA Plan Year Effective Date:	HRA Plan Year End Date:
Who is responsible for MD State Extension/COBRA?		# Employees Participating in the HRA plan?	
Do you currently have an HRA Plan? <input type="checkbox"/> YES <input type="checkbox"/> NO		If YES, what is the plan year?	

The Advantage HRA Plan will follow the same eligibility guidelines (i.e. waiting periods, effective dates and termination dates) as the Health Plan. However, certain employees may not be eligible to participate in the tax advantages of an HRA (i.e. self-employed individuals, partners in a partnership, more than 2% shareholders in an S Corporation). Please consult with your tax accountant for specific information.



## Section 5: Eligible Expenses

HRA Eligible Expenses (check all that apply)

Medical       Rx (Excludes over the counter drugs)       Dental       Vision

*Examples of Eligible Merchant Codes (if eligible expense type checked above)*

The debit card may be used at certain merchant or provider types. Below is a list of expense types and their Merchant Codes that may be used in the HRA Plan.

### **Medical Vendor Codes:**

Orthopedic and Prosthetic Appliances  
 Ambulance Services  
 Orthopedic Goods, Prosthetic Devices  
 Counseling Services: debt, marriage, personal services – Health Services  
 Doctors, NEC  
 Osteopathic Physicians, Osteopaths  
 Chiropractors, Chiropodists, Podiatrists  
 Nursing and Personal Care Facilities  
 Immediate Care Facilities  
 Services – Hospitals  
 Hospitals, Psychiatric Hospitals, Specialty Hospitals  
 Home Health Care Services  
 Services – Misc. Health and Allied Services, NEC  
 Specialty Outpatient Facilities, NEC  
 Medical Services and Health Practitioners, NEC  
 Medical and Dental Laboratories  
 Hearing Aids  
 Medicinal Chemicals and Botanicals  
 In-Vitro Diagnostics

### **Prescription Drug Vendor Codes:**

Drugs, Drug Proprietors & Druggist Sundries  
 Drugs, Druggist, Sundries  
 Drug Stores and Pharmacies  
 Pharmaceutical Preparations  
 Retail Food Stores, Grocery Stores, Supermarkets, Discount Stores  
 Mail Order Prescriptions

### **Dental Vendor Codes:**

Dental Equipment and Supplies  
 Dental/Lab/Medical/Ophthalmic-Hospital Equipment & Supplies  
 Medical and Dental Equipment  
 Dentists, Orthodontists  
 Dental Laboratories

### **Vision Vendor Codes**

Ophthalmic Supplies  
 Optical Instruments and Lenses  
 Eyeglasses and Eye Safety Shields  
 Optometrists, Ophthalmologists  
 Opticians, Optical Goods and Eyeglasses



## Section 6: HRA Funding

We recommend the Employer make an initial deposit equal to 2 month's HRA funds in the bank account so when HRA claim expenses (debit card claims and manual claims) are presented to the bank for payment, the funds are there to cover the expense. Employers should monitor their account fund balance and replenish the funds as needed to ensure that monies are in the account to cover ongoing HRA expenses. In addition, the bank account must provide over-draft protection in the event there are insufficient funds in the HRA account at the time of claim payment.

HRA Annual Funding	*Amounts		# of EE		Totals
Individual	*\$	X		=	\$
Parent & Child	*\$	X		=	\$
Parent & Child(ren)	*\$	X		=	\$
Husband & Wife	*\$	X		=	\$
Family	*\$	X		=	\$
<b>*Required Field</b>			<b>Annual Total</b>	<b>=</b>	<b>\$</b>

### **Funding for Mid-Year New Hires, Terminations or Enrollment Level Changes**

*New Hires* – Funding for mid-year new hires will be for the full annual fund amount regardless of employee's effective date.

*Terminations* – No proration of annual fund amount regardless of employee's termination date.

*Enrollment Level Changes (i.e. individual coverage changes to family coverage)* – Funding will be prorated and adjusted accordingly.



## Section 7: Substantiation

### **Debit Card Claim Substantiation**

The Internal Revenue Service (IRS) requires Plan Sponsors (Employer) to ensure that HRA Plans are properly substantiated. In other words, purchases made with the GBS Advantage HRA Debit Card must be proven to be eligible under the Plan. Failure to comply with the IRS substantiation guidelines could result in the plan becoming non-qualified (losing its tax free status) and subject to penalties and/or fines imposed by the IRS.

Group Benefit Services (GBS) substantiates purchases made with the debit card by reviewing all transactions. Documentation requests are generated and sent to Employees for those transactions that cannot be substantiated through the system. Employees are required to provide the necessary documentation (generally EOB's, itemized statements or bills marked paid by patient) for substantiation.

### **Level of Substantiation**

1. Employees are instructed to keep all receipts and itemized statements for purchases made with the debit card.
2. GBS may contact providers for necessary information on specific charges
3. GBS may auto-approve certain claim categories.

The request for itemized statements for purchases audited by GBS helps to ensure that all charges on the debit card are properly processed and only eligible procedures and products are purchased.

### **Improper Use of Debit Card**

If an employee fails to comply with the substantiation process or uses the debit card for unauthorized or ineligible expenses, the debit card will be deactivated and will no longer have the use of the debit card. They will be notified via a letter mailed to their home address.

They will still be eligible to submit claims via a claim form to GBS at the address located on the form. Their HRA claims will then be reviewed by GBS for eligibility and if eligible, a check/explanation of benefits will be mailed to them.



## Section 8: GBS Administrative Services

### **HRA Plan Run-Out Services**

GBS will offer HRA Plan Run-Out Services as follows:

1. If the Employer renews the GBS HRA Plan, GBS will provide Run-Out Services for the previous HRA Plan Year for a standard 90-day Claims Run-Out Period
2. If the Employer terminates the Advantage HRA Plan but continues to have GBS administer their group health plan, GBS will provide Run-Out Services for the previous HRA Plan Year for a standard 90-day Claims Run-Out Period. The Employer understands that they are responsible for funding the HRA account for reimbursements to the Employees for covered expenses incurred prior to the termination date of the HRA Plan but before the end of the 90 day claim run-out period.
3. If the Employer terminates the Advantage HRA Plan and the Group Health Plan with GBS, then this Advantage HRA agreement shall terminate and GBS will not perform Run-Out Services for the HRA Plan. The Employer understands that they are responsible for reimbursements to the Employees for covered expenses incurred prior to the termination date of the HRA Plan. Any claims received at GBS after the termination of this Agreement will be returned to the Employer.

The responsibilities of GBS are limited to enrolling eligible Employees in the HRA plan, invoicing the HRA administrative fees, processing HRA claims for payment, issuing Debit Cards to Employees, preparing Summary Plan Descriptions and providing an Employer website to manage your Advantage HRA Plan. The Advantage HRA website will provide Employers access to reports such as the Bank Transaction Reconciliation Report and the Manual Claim Reimbursements Report. In addition, Employees will have access to the website to view their HRA claim activity. The website address is: [www.wealthcareadmin.com](http://www.wealthcareadmin.com)

### **GBS Administration Fees**

To implement and administer, GBS will charge the following fees:

Implementation Fee:	\$250.00 (waived at renewal, absent of significant plan design changes)
Monthly Administration Fee:	\$6.00 PEPM (\$250 monthly minimum administration fee)

The implementation fee is due by the effective date of the HRA Plan. The monthly administration fee (PEPM) will appear on your monthly GBS premium invoice along with your group health insurance premiums.



## Section 9: Patient Centered Outcomes Research Institute (PCORI) Fees

The Employer will be required to pay a PCORI Fee of \$2.39 per employee if the HRA plan year ends up through September 30, 2018. For HRA Plan Years ending October 1, 2018 and later the PCORI Fee per employee will be \$2.39 plus inflation (TBD). This information is to be reported on IRS Form 720 line 133. GBS can assist in providing information required for the employer to report the information



## Section 10: Non Discrimination Requirements

### **Non Discrimination Requirements**

This Plan will comply with all Federal tax law requirements necessary to obtain tax benefits available under the Internal Revenue Code, including the requirement that the plan does not discriminate in favor of certain “key Employees” or “highly compensated Employees.” A plan discriminates as to eligibility unless it benefits:

- 70% or more of all Employees, or
- 80% or more of all Employees eligible to benefit under the plan, if 70% or more of all Employees are eligible to benefit under the plan, or
- A group of employees described in IRS Section 410(b)(2)(A)(i) that is found to be a nondiscriminatory classification in accordance with Prop. Treas. Reg. 1.410(b)-For these purposes, there may be excluded from consideration any Employees who have not completed three years of service, part-time Employees whose customary weekly employment is less than 20 hours and nonresident aliens.

A Health Reimbursement Arrangement Plan will not discriminate as to benefits if the type and amount of benefits available to highly compensated participants are also available on the same basis for all other participants. This test is applied by looking at available benefits rather than actual benefit payments under the plan.

**Note:** If the Plan is discriminatory, then all or part of the medical benefits paid for the benefit of a highly compensated Employee will be taxable to that Employee.

### **Non Discrimination and Health Benefits**

The following information is from the IRC (Internal Revenue Code) - Section 105(h)

IRC Sec. 105 and Sec. 106 permit employers to offer certain health benefits on a tax-free basis. However, these rules can be different for highly compensated employees (HCEs) if the health plan is self-insured. An HCE is defined as:

- One of the five highest-paid officers
- A shareholder owning (actually or constructively) more than 10% of the company's stock
- Among the highest paid 25% of all employees

There are two (2) tests under this Section of the IRC that employers need to be aware of while planning the funded benefits.

1. **Eligibility Test** – for a plan to be considered nondiscriminatory with respect to eligibility to participate, it must pass one of the three coverage tests:
  - a. 70% of all employees benefit under the plan
  - b. The plan benefits 80% of eligible participants and 70% of all employees are eligible
  - c. The plan benefits a nondiscriminatory classification of employees (not HCEs)

2. **Benefits Test** – the IRS regulations indicate that the plan must provide the same benefits for both HCEs and non-HCEs.

A self-insured health plan discriminates as to benefits unless all benefits provided for participants who are HCEs are also provided to all other participants. All benefits for dependents of HCEs must also be available on the same basis for the dependents of all other employees. The self-insured health plan will also be considered discriminatory as to benefits if it covers HCEs and the type or amount of benefits subject to reimbursement is offered in proportion to compensation.

When applying nondiscrimination test, all employees of a controlled group or affiliated service group, as defined in the IRC Sec. 414, are treated as employed by a single employer.

### **Benefits Received and Taxable Income under Non Discrimination Guidelines**

If a benefit under the self-insured plan is available to HCEs but not to other employees, the total amount of reimbursement to the HCE with respect to that benefit is an ‘excess reimbursement’ and must be included in the HCE’s income taxes as an imputed income.

Employers and benefit consultants should always discuss these issues with Tax Accountants while designing health plans for employees.

## Section 11: Disclaimers

- 1) A dedicated bank account should be established for the Advantage HRA Plan. ACH transfers will be made from this account to fund the Advantage HRA claims.
- 2) The bank account associated with this Plan must have overdraft protection. If overdraft protection is not provided for this account and a transaction is returned for insufficient funds, a \$25.00 fee per attempt will be assessed.
- 3) The implementation process will not begin until the completed ACH Authorization form is returned to GBS. The ACH Authorization Form is attached to this account.
- 4) The Advantage HRA Plan is subject to Maryland State Extension (MSE)/COBRA & HIPAA regulations which mean the funds are subject to MSE or COBRA extension of benefits. If the terminated Employee *does not pay* their MSE/COBRA premium (including the HRA fund portion), only claims *incurred prior to their termination date* are eligible for reimbursement. If the terminated Employee *pays* their MSE/COBRA premium (including the HRA fund portion), claims incurred *during the entire paid premium period* are eligible for reimbursement.
- 5) The HRA Debit Card will be deactivated upon notification of an Employee's termination. It is understood that if the company terminates any Employees, it is the company's responsibility to notify GBS immediately. If the company fails to notify GBS of an Employee termination, it is the company's responsibility for any charges incurred and paid after the termination date.
- 6) The Advantage HRA funds can be separated by line item. For example, if any physician services are made available for payment with the Debit Card, then all physicians' services must be made available with the Debit Card.
- 7) All Employees must complete and sign an enrollment form. HRA funds will be made available only when a completed and signed enrollment form is received by GBS.
- 8) The Advantage HRA Debit Cards will be mailed to the Employee's homes. Each Employee will receive one debit card. Additional debit cards can be requested on the Employee election form.
- 9) Debit cards reported lost, stolen or not received will be rendered permanently inactive. A new card will be issued to the Employee.
- 10) The Employer may deduct invalid purchases from the Employee's paychecks.
- 11) Federal regulation mandates that most transactions will require receipt verification. Employees must be instructed to save all receipts for services paid with the debit card. GBS will request receipts via mail or email from Employees to substantiate claims.
- 12) Employees should be instructed to call GBS' Customer Service Department with any questions. That phone number is 410-832-1333 or 1-800-337-4973. As instructed by the automated call routing message, please press 6 for member services, then 2 for inquiries regarding HRA claims.
- 13) Your Employees by signing the Election Form are authorizing the Health Plan Insurer or Provider of service to release information on their behalf in order to substantiate purchases made with the debit card.
- 14) I authorize GBS to allow access to information to my Broker via the Advantage HRA website to assist me in managing my Advantage HRA Plan.
- 15) GBS considers any and all information, materials and systems to be confidential. GBS complies with HIPAA Privacy and Security regulations, which protects the confidentiality of our Clients' database containing information regarding their Employees, dependents, benefits and claims. GBS hereby warrants that this information is kept in strict confidence and maintained on the system by secure password protection

## Section 11: Authorization

I have read and understood the above details for the administration of the HRA Plan and I am appointing Group Benefit Services, Inc. (GBS) as our Third Party Administrator (TPA) of our HRA Plan. I understand and agree to the terms and conditions of this GBS HRA Group Agreement.

Employer Name (printed): \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Broker Name (printed): \_\_\_\_\_

Agency: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_