

WHAT IS AN HRA?



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What does it stand for?

Health Reimbursement Arrangement

Who owns the account?

The employer.

How is the account funded?

HRAs are funded 100% by employers.

Is it a personal account?

Yes.

Is the account portable?

No. However, an employer may choose to continue reimbursing employee's expenses depending on the plan's design.

Who is eligible?

Any employee is eligible – subject to employer-designed exclusions.

What type of corresponding health plan is required?

Any type of group health plan arrangement or no health plan at all.

Can account funds be used for non-medical expenses?

No. Only expenses as specified in section 213(d) of the IRC are covered under an HRA or as specified by the plan.

What is the tax treatment for the account?

Reimbursements to the employee are tax-free as long as they are used on qualified health care/medical purchases.

PrimePay provides payroll, HR and benefits admin to small businesses nationwide.

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