

Pre-Medicare HRA Frequently Asked Questions

Q: Why does HPRS need to make changes to the current health care benefit provided to the pre-Medicare members?

A: HPRS health care benefits have been modified many times over the last decade in an effort to provide a sustainable benefit. The changes resulted in some benefits being reduced, and increases to copays, deductibles, etc. Although these changes resulted in the cost savings targeted, the rising costs of health care, especially prescription costs, continue to threaten the sustainability of our health care fund. Projections indicate that without significant changes, the health care fund will be depleted in approximately twelve years. By switching from a group medical plan to a Health Reimbursement Arrangement, HPRS will be able to continue offering current and future retirees assistance with the cost of health care.

Q: What is a Health Reimbursement Arrangement?

A: A Health Reimbursement Arrangement (HRA) is an account funded by HPRS that provides tax-free reimbursement for qualified medical expenses such as monthly insurance premiums, deductibles, co-insurance and co-pays incurred by eligible retirees and dependents. Via Benefits will administer the HRA. Members must submit a request for reimbursement including supporting documentation for Via Benefits to approve and release the money from the HRA into the benefit recipient's personal bank account. Expenses are determined eligible for reimbursement based on IRS guidelines.

Q: Will pre-Medicare retirees be required to select a new health care plan through Via Benefits to be eligible for any reimbursement from HPRS?

A: No. Pre-Medicare benefit recipients can enroll in any medical plan they choose. Although it's not required, we highly recommend that benefit recipients explore their coverage options through the Via Benefits, the contracted Connector. Via Benefits is a resource that helps retirees understand and navigate individual and family health plan options.

Via Benefits isn't an insurance carrier. It's a company that provides:

Consulting – Via Benefits helps you understand your funding options. If you qualify for a federal subsidy, Via Benefits will walk you through a side-by-side comparison to help you decide between taking advantage of the federal subsidy or opting in to the HPRS HRA if eligible. By law, you can't have both at the same time.

Education, support, and assistance – Via Benefits provides these services to benefit recipients and their dependents when selecting and enrolling in individual or family coverage options.

HRA administrative services – Via Benefits reviews claims and issues reimbursements for all eligible recipients that participate in the HRA.

Ongoing benefit recipient support after medical plan enrollment – Via Benefits is an experienced, informed, and unbiased Connector that will help you understand your medical plan details at any time and help you re-evaluate your needs on an annual basis.

Q: Can I choose to remain on HPRS-sponsored retiree medical coverage?

No. HPRS retiree medical coverage will end on December 31, 2023.

Q: Will retirees receive HRA deposits for spouse or dependent children?

A: No. Only the retiree will receive an allowance, however, retirees will be able to use HRA dollars to be reimbursed for qualified medical expenses incurred by an eligible spouse or dependent.

Q: How much will the allotted amount be?

A: After consultation with WTW, the HPRS Board approved the 2024 HPRS Pre-Medicare HRA Allowance, which is at the end of this document. The amounts are based on a retiree impact analysis that takes into consideration the costs of the available plans, and recent healthcare costs of HPRS pre-Medicare enrollment.

Q: Will a Pre-Medicare member with a pre-existing condition be refused coverage under a new medical plan for retirement?

A: No. Under the Affordable Care Act, health insurance companies can't refuse to cover individuals or charge them more just because they have a pre-existing condition — that is, a health problem you had before the date that new health coverage starts. This protection applies to all plans.

Q: Will disability retirees be provided with a Health Reimbursement Arrangement?

A: Yes. In-the-line-of-duty disability retirees receive a minimum of 25 years of Health Care Service Credit (HCSC), in addition to other qualifying credits. Disability retirees that are not considered in-the line-of-duty will be provided a retiree HRA minimum amount, which is equal to 20 years of HCSC. Those with more than 20 years of HCSC will be awarded the HRA amount based on their HCSC. For exact amounts, please refer to the 2024 HPRS Pre-Medicare HRA Allowance table.

Q: Will a surviving spouse be provided with a Health Reimbursement Arrangement?

A: Yes. Surviving spouses that do not have access to health care elsewhere will be provided a Health Reimbursement Arrangement of \$350 per month.

Q: What is included in Health Care Service Credit?

A: The HRA amount awarded to retirees will be based on Health Care Service Credit (HCSC). In addition to HPRS service, HCSC includes the following: qualifying OP&F service credit, purchased interrupted military service credit, and years spent in DROP.

Q: Will the funds in the HRA expire at the end of each year?

A: No. Benefit recipients can carry their HRA balance from year to year and continue using the funds to be reimbursed for qualified medical expenses.

Q: Can benefit recipients make contributions to their HRA?

A: No. Federal regulations require that contributions can only come from the employer (HPRS in this case).

Q: Will my HRA earn interest?

A: No. Health Reimbursement Arrangements do not earn interest. This is not specific to HPRS, as no HRA earns interest. On the other hand, Health Savings Accounts (HSA) do earn interest, but these are a different type of account not offered by HPRS.

Q: Will the Dental and Vision coverage through HPRS also be ending December 31, 2023?

A: No. HPRS is continuing to offer Dental and Vision coverage for both retirees and dependents. Nothing is required of you to continue your enrollment in HPRS Dental and Vision coverage. Although there are health care plans that will be available to you through Via Benefits that also offer Dental and Vision coverage, you are not required to go away from the Dental and Vision plans offered through HPRS. HPRS provides discounted coverage.

Q: Can I continue to see my current doctor?

A: Possibly, if you select a plan that includes your provider in their coverage. If you are going through Via Benefits, please make sure you let the benefits advisor know during your call that you want to continue to see your current doctor.

Q: Will there be assistance with choosing a health care plan?

Yes. Via Benefits has licensed agents (benefit advisors) that are skilled in helping select the plan that best meets individual needs.

Q: Is purchased prior military credit included in Health Care Service Credit (HCSC)?

A: No. Prior military is not included in the HCSC, due to the actuarial loss that is experienced by HPRS for this benefit. For prior military, no employer contributions are received.

Q: Is OPERS time included in Health Care Service Credit (HCSC)?

A: In general, OPERS service credit is not included in HCSC, because HPRS experiences an actuarial loss. For OPERS credit, the employer contributions received are significantly less than the employer contribution rate for HPRS credit.

There is one exception. For cadets that paid into OPERS while training in the OSP Academy, and purchased that time later when the rule changed, it is considered vested credit and is applied towards HCSC.

Q: What happens when a retiree is receiving a Medicare HRA and their spouse is on the medical (MMO) and prescription coverage (ESI) through HPRS?

A: For retirees that are currently receiving a Medicare HRA allowance, nothing will change for them. They will continue to be provided with the Medicare HRA and access to their health care coverage through Via Benefits. Their spouse will be losing coverage through HPRS after December 31, 2023. Licensed benefits advisors from Via Benefits are available to spouses to help them choose coverage if needed. Qualifying expenses can be reimbursed for dependents from the retiree's HRA funds, however, no additional HRA funds are provided for a spouse.

Q: Can I be reimbursed for share program expenses for Medi-share, Healthcare Sharing Ministries, etc.?

A: No. The health care programs that are not considered medical insurance by the IRS will not qualify for reimbursement.

Q: Can I utilize both the Health Reimbursement Arrangement and take advantage of the tax credits that are based on my income?

A: No. If you elect to use the Health Reimbursement Arrangement, then you will not be able to claim tax credits for which you may be eligible — a licensed Care Team member will review this with you if you call the Via Benefits Service Center.

Q: Can I be reimbursed for premiums for health care coverage provided by an employer?

A: No. Health care provided by an employer typically provides for the premiums to be deducted before tax. The IRS does not allow for the tax-free funds from the HRA to be used to reimburse for premiums that are deducted prior to tax withholding.