

HRA FAQ

HRA Overview

What is changing?

In 2018, Harris Health System updated our post-retirement health benefits for active employees and new hires. Employees who started at Harris Health after June 1, 2018, are no longer eligible for post-retirement healthcare benefits. Full-time staff who started before June 1, 2018, are still be eligible for post-retirement healthcare benefits.

If you are eligible for post-retirement healthcare benefits and your retirement date is on or before December 31, 2022, you will have the OPTION to enroll in an HRA or the Harris Health group plan. Starting January 1, 2023, all employees eligible for retirement healthcare benefits will be offered a Health Reimbursement Account or HRA.

What is an HRA?

An HRA is an IRS-approved, employer-funded tax-advantaged account that provides reimbursement to employees to use on qualified expenses, including individual health insurance policies, a Medicare Advantage policy, and eligible out-of-pocket medical expenses. This account is funded entirely by Harris Health, and you do not contribute any money to your HRA.

What are the benefits of an HRA?

Harris Health selected the HRA option to provide our retirees with more plan choices, more flexibility in how you pay for coverage, and more help deciding which plans meet your needs. An HRA is pre-tax and can be used on various healthcare expenses, including the individual-plan market in your area. You and your spouse may even choose different plans.

What is the difference between an HRA and a Health Savings Account (HSA)?

Similar to an HSA, any money deposited into your HRA is pre-tax and can be used on a bevy of healthcare expenses. However, an HRA is different from an HSA in that Harris Health solely funds it. Any funds you've set aside for healthcare in an HSA will be separate from the HRA.

Do other employers commonly use HRAs?

Yes. Many other Houston-area and Texas Medical Center employers provide HRAs to their employees and retirees.

HRA Funding

Who can put money in my HRA?

Per IRS policy, HRAs are wholly owned and funded by the employer, Harris Health System. You do not contribute any money to your HRA.

How much money will be contributed to my HRA?

Harris Health will start depositing funds in your HRA when you enter retirement, regardless of your Medicare status. That amount will depend on your age and increase each year you get closer to Medicare eligibility, as shown in the chart below.

Annual HRA Employer Contribution Amounts		
	Retiree Amount	Dependent Amount
Medicare Eligible Retirees		
65 +	\$2,027	\$1,014
Pre-65 Retirees		
55	\$6,798	\$3,399
56	\$7,416	\$3,708
57	\$8,034	\$4,017
58	\$8,652	\$4,326
59	\$9,270	\$4,635
60	\$9,888	\$4,944
61	\$10,506	\$5,253
62	\$11,124	\$5,562
63	\$11,742	\$5,871
64	\$12,360	\$6,180

When you turn 65 and begin receiving Medicare benefits, the HRA balance will change to a contribution equal to Harris Health's current Medicare-eligible retiree healthcare expense, approximately \$1,967 per year. The above-referenced amounts are planned to be supported by an annual cost-of-living adjustment of approximately 3%. The pension plan benefit does not receive a cost of living adjustment.

Does my balance roll over from year to year?

Any unused funds will roll over annually and will be available to you for future healthcare expenses. You do not have to spend down your balance in any single plan year.

What are the tax benefits of an HRA?

Funds deposited by Harris Health in your HRA are not reported as income and are therefore tax-free.

Does the money in the HRA earn interest?

No. The HRA does not earn interest.

Will this affect my Pension/401(k) or 457(b) Plans?

The HRA will not affect your pension/retirement benefit.

Using Your HRA

How can I access/use the money deposited in that account?

You can use HRA funds to pay premiums for an individual health insurance policy, a Medicare Advantage policy, and/or to cover eligible out-of-pocket medical expenses. The HRA account gives you the flexibility to determine how you want to use your retiree health benefits. The following list provides a few examples of qualified HRA expenses.

What is covered by my HRA?

HRA funds can be used to pay premiums for an individual health insurance policy, a Medicare Advantage policy and/or to cover eligible out-of-pocket medical expenses, including those listed here.

Medical Services

Coinsurance/Copays
Prescription Drugs
Medicare Part B and D Premiums
Lab Tests, X-Rays, Scans
Ambulance
Acupuncture
Chiropractic
Substance Abuse Treatment
OB/GYN Exams and Fees
Hearing Tests
Long Term Care
Assisted Living

Vision

Exams
Prescription Lenses
Frames
Laser Eye Surgery

Medical Equipment

Crutches
Wheelchairs
Walkers
Arches and Orthotic Inserts
Syringes
Nebulizers
Hearing Aids

Dental

Exams and Cleanings
X-Rays
Extractions and Fillings
Periodontal Services
Oral Surgery
Orthodontia/Braces
Dentures and Bridges

Therapy

Counseling
Occupational,
Physical, and Speech
Therapy
Smoking Cessation

Who do I contact with questions?

The Shared Services team is available to answer your questions. You can reach them by email (myHR@harrishealth.org) or phone (713-566-MyHR).