**HRA PLAN CHECKLIST**

**(Health Reimbursement Arrangement)**

INSTRUCTIONS: The Section 105(h) for HRAs cannot reimburse individual premiums and cannot be standalone but must be part of a qualified medical plan. This document has been updated to comply with all provisions of the Affordable Care Act (ACA) effective as of September 23, 2010. HRAs must continue to be funded with only employer contributions on a non-discriminatory basis. The HRA cannot reimburse individual health premiums unless there are less than two eligible employees OR the HRA is a qualifying ERISA Plan for retirees only. The Plan Administrator must sign the Plan Checklist and provide it with the Legal Plan Document. This checklist supersedes and is the primary document as compared to the Summary Plan Description and 4 Page Summary of Benefits. As of 1/1/2016:

1. Name of Plan Sponsor:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Street Address:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Telephone: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Tax ID #: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2. What type of business entity is the employer?

( ) Corporation

( ) Tax Exempt Organization

( ) Partnership

( ) Limited Liability Company

( ) Sole Proprietor

( ) Limited Liability Partnership

3. First day of plan year: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Last day of plan year: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

If the plan is new, is there a short plan year?

( ) No

( ) Yes, beginning: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

4. Plan name:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

5. Plan number: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

6. Is the plan new or amended?

( ) New - Effective date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

( ) Amended

Original effective date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Amendment effective date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_

7. What types of insurance (which require employee contributions) are offered by the employer?

( ) Medical ( ) Life

( ) Dental ( ) Disability

8. Is participation in the HRA automatic or must the participant submit an Election agreement?

( ) Automatic election

( ) Election agreement

9. What type of REIMBURSEMENT benefits are provided by the plan?

( ) Medical care reimbursement Section 213d

( ) Over-the-Counter Drugs (if prescribed by a doctor) Section 213d

( ) Premiums for Long Term Care insurance

( ) Other: (please describe in detail)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

10. Does the employer offer a CASH PAYMENT OPTION to the employees in lieu of any form of insurance coverage?

( ) Yes ( ) No

11. Does the plan provide for non-elective employer contributions to be used for selected benefits? (Are there mandatory/ core benefits that each employee must be covered under?)

( ) Yes (complete A. below)

( ) No (skip to #12)

A. Is the amount contributed a fixed dollar amount or percentage of compensation?

( ) Fixed dollar amount $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

( ) Percentage of compensation \_\_\_\_\_\_\_\_\_%

12. Does the plan provide for an employee contribution to be used for selected benefits?

( ) Yes (complete A. below–-would this be a

 Section 125 FSA or Section 223 HSA employee salary reduction? \_\_\_\_\_)

( ) No (skip to #13)

A. Is the amount contributed a fixed dollar amount or percentage of compensation?

( ) Fixed dollar amount $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

( ) Percentage of compensation \_\_\_\_\_\_\_\_\_%

13. To which benefits may employees contribute?

( ) Medical care reimbursement under 213d

( ) Over-the-counter drugs--doctor prescribed

( ) Long Term Care insurance

( ) Life insurance (Describe)

( ) Disability benefit (Describe)

( ) Other (Describe)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

14. What is the definition of compensation?

( ) Form W-2 compensation

( ) Section 3401 compensation

( ) Section 415 compensation

A. How are elective deferrals treated?

( ) Included as compensation

( ) Not included as compensation

( ) Included/excluded at discretion of

 administrator

B. What is the compensation time period?

( ) Plan Year- (describe the period of time)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

( ) Fiscal year ending on or within the plan

 year

( ) Calendar year ending on or within the

 plan year

C. Is compensation received prior to becoming a participant excluded?

( ) Yes ( ) No

D. Is any other type of compensation being excluded?

( ) No

( ) Yes, the following types are excluded:

 ( ) Bonuses

 ( ) Overtime

 ( ) Commissions

 ( ) Amounts in excess of $\_\_\_\_\_\_\_\_\_\_\_

 ( ) Other: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

15. What are the age and service requirements for participation in the REIMBURSEMENT portion of the plan?

( ) Age 21

( ) Age 21 and \_\_\_\_\_\_\_\_\_ years of service

( ) Age 21 and \_\_\_\_\_\_\_\_\_ months of service

( ) \_\_\_\_\_\_\_\_\_ months of service

( ) \_\_\_\_\_\_\_\_\_ years of service

( ) No eligibility requirements

16. Are employees eligible for HRA when they become eligible for the underlying insurance, regardless of any other eligibility requirements?

( ) Yes ( ) No

*If no*, what are the age and service requirements for participation in the HRA portion of the plan?

( ) Age 21

( ) Age 21 and \_\_\_\_\_\_ years of service

( ) Age 21 and \_\_\_\_\_\_ months of service

( ) \_\_\_\_\_\_\_\_\_\_ months of service

( ) \_\_\_\_\_\_\_\_\_\_ years of service

( ) No eligibility requirements

17. Can all employees not in an ineligible group participate on the effective date or some other specific date?

( ) Yes ( ) No

*If yes*, on which date?

( ) Effective date

( ) Other: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

18. What is the entry date?

( ) First day of the plan year following

( ) First day of the plan year preceding

( ) First day of the month following

( ) Same day

( ) Two entry dates: \_\_\_\_\_ \_\_\_\_\_

( ) Four entry dates: \_\_\_\_\_ \_\_\_\_\_ \_\_\_\_ \_\_\_\_

19. Are any employees excluded from participation?

( ) Yes ( ) No

*If yes*, which employees are excluded from participation?

( ) Union employees

( ) Leased Employees

( ) Non-resident aliens

( ) Other: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

20. Are part-time employees excluded from the plan?

( ) Yes ( ) No

*If yes*, how many hours per week must an employee work in order to be eligible to participate in the plan? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

21. Is there any limit set by the employer on the total annual salary reduction permitted for medical reimbursement (Section 125 for FSAs and Section 223 for HSAs)?

( ) Yes $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

( ) No

Will the employer allow "catch up" for certain employees?

( ) Yes $\_\_\_\_\_\_\_\_\_\_ at what age?\_\_\_\_\_\_\_

( ) No

22. What is the state in which the contract is signed or effective? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

23. Is the employer acting as the plan administrator?

( ) Yes

( ) No, and the administrator is:

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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

City, State, Zip: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Telephone: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

24. Are there additional adopting employers?

( ) No

( ) Yes, and the adopting employers are:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

25. Is the employer acting as the Trustee/ Custodian?

( ) Yes–Please provide Identification # and

 approval letter from the IRS

( ) No–The Trustee/Custodian is:

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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

City, State, Zip: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Telephone: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Identification # and approval letter from

 IRS: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

26. Will employer contributions be available for rollover from plan year to plan year?

( ) Yes (how much $\_\_\_\_\_\_\_\_\_\_ or \_\_\_\_\_%)

( ) No

27. Will employer contributions be available for employees to invest in interest bearing accounts?

( ) Yes (how much $\_\_\_\_\_\_\_\_\_\_ or \_\_\_\_\_%)

( ) No

28. Will employer contribution be available for employees to take/convert after separation from service?

( ) Yes (how much $\_\_\_\_\_\_\_\_\_\_ or \_\_\_\_\_%)

( ) No

Signed:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Printed Name:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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

**Commonly Asked Questions for Completing the**

**HRA Plan Checklist**

1. What is the **first day of plan year?** (#3)
2. It is usually January 1 or first day of the fiscal year, or it can be the day they write the plan their very first year.
3. What name should I use for the **plan name?** (#4)
4. This means the company's name and what they want to call this Benefit Plan. An example would be: ABC Company HSA
5. What should I use for the **plan Number?** (#5)
6. A Plan number for an ERISA based plan for benefits usually starts with 501, then 502, etc. If this is your first benefit plan to be filed with the IRS, then use 501.
7. What does **automatic enrollment mean?** (#8)

A. Automatic enrollment means all eligible employees will get coverage and each year there is no enrollment form to fill out.

1. What is an **elective deferral**? (#15A)
2. This is the amount that the employee elects to contribute to the plan and is before taxes.

Q. Should **compensation be received prior to becoming a participant be excluded**? (#15C)

1. This must be the same for all employees. Being able to include all compensation received could mean a larger contribution by the employer into the HRA Plan.

Q. How do I choose **age and service requirements**/**effective date?** (#17, #18)

1. The longer an employee is required to wait to participate, the less costly the plan will be for the Employer.
2. How do I chose an **entry date**? (#20)
3. This is the employer's decision and must be the same for everyone
4. When can I **exclude employees from the plan**? (#21)?
5. If you exclude a group or employees they must be non-highly compensated and it must be done consistently.
6. Why are we **mentioning FSAs and HSAs** in an HRA checklist? (#21)
7. While this is an HRA checklist, if there are employee contributions, they must be done under Section 125 and 223.
8. How do you set a **limit on total annual salary reduction**? (#21)
9. The annual amount cannot exceed the annual W2 income of the employee, and it must be uniform and consistent for all employees.
10. Would the employer want to **act as the Plan Administrator?** (#23)
11. The employer has more control and also flexibility by being its own Plan Administrator. There is no legal requirement to use a professional one.
12. What are **additional adopting employers?** (#24)
13. Check to see if there are other divisions, locations or firms controlled by the Employer who are also adopting the same plan. There is no need for separate legal documents and forms for each adopting employer.
14. Would the employer want to **act as Trustee/Custodian?** (#25)
15. The employer has more control and also flexibility by being its own Trustee/Custodian, but it is a hard process and you must file with the IRS to get approved and receive an IRS ID #. The filing fee is about $3500 one time.
16. Should **employer contributions be available for rollover**? (#27)
17. The employer can determine each year if he will allow unused funds to roll over from year to year. If the employer keeps unused funds, he saves money.
18. Should **employer contributions be available for employees to invest in interest bearing accounts?** (#28)
19. Most employers would allow 100% after there is at least an account balance for each employee of $200+.
20. Should **employer contributions be available for employees to take/convert after separation from service?** (#29)
21. The employer can determine if he will allow employees to take/convert their funds as a rollover from year to year. If the employer keeps unused funds, he saves money.