

# HR Concepts, LLC

*"Your Third Party Administrator of Choice"*

## Dental Reimbursement Arrangement

2011 Plan Year

**Presented By:**

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## **Company Overview**

### **Our Mission**

“Our mission is to be dedicated to providing an administration solution that addresses the overwhelming changes in the benefits market today, with a focus on member satisfaction, ease of use, and an advanced technology platform, at the most cost effective price.”

**Peter H. Jennings, Founder**  
Human Resource Concepts, LLC

### **Our Background**

HR Concepts, LLC was founded in 2001 with the sole purpose of becoming a company’s “Single Source Solution” to Third Party Administration and Benefit Consulting/Design. We have grown to be among the leading TPA’S in New England by offering similar services as our competitors, but with a focus on delivering exceptional customer service, utilizing an enhanced technology platform, and distributing our services through a brokered/association focused channel. HR Concepts has positioned itself competitively by offering service enhancements that other Third Party Administrators don’t offer, and by utilizing technology, we have been enabled to deliver our services with a new marketing appeal at a reduced cost of administration. Our exceptional customer service focus and commitment to this space has enabled HR Concepts to stand out as a regional leader in Third Party Administration.

### **Our Approach**

The outsourcing of certain key functions of a company has been a growing trend that employers are utilizing to maintain expenses, stay current with all the new compliance regulations, streamline and become more effective in certain overhead draining expenses, and to allow companies to focus on their core business elements. HR Concepts offers full service third party administration at wholesale pricing. We handle all of a client’s benefit administration needs, documents, compliance, and employee education, at a fraction of the cost of our competition. Our services are delivered through insurance brokers and associations which enable us to reduce our cost of marketing and certain business overhead costs. HR Concepts is comprised of multiple layers of services, that when combined, the depth of our capabilities, provides a “Single Source Solution” to manage all of a company’s benefit administration needs.

### **Our Commitment**

HR Concepts offers services that consist of Third Party Administration (Flex Plans, HSA’s, Commuter Plans, DRA’s, Dental Plans, and COBRA), and Benefit Consulting / Design. Though many companies offer these services individually, no one combines the expertise of each and delivers them to the marketplace under one umbrella, “A Single Source Solution”. We are committed to taking the needs and uniqueness of each of these services, combined with the talent and experience of our staff, and deliver them to our clients with a focus on exceptional customer service, integrity, honesty, and a fair price. Our firm is an employer’s “Single Source Solution” to Benefit Administration.



## **Dental Reimbursement Arrangements (DRA)**

### **Explanation of DRA**

#### **1. What is a Dental Reimbursement Arrangement?**

A DRA is an arrangement that employers set up and completely funds to cover certain out of pocket, co-pays, co-insurance, and/or deductible expenses employees may incur associated with their dental expenses. It is an arrangement that employers promise to pay certain expenses on behalf of the employee to help reduce their cost of dental expenses, for themselves, their spouse, and dependent children.

#### **2. Why Would A Company Consider A DRA?**

Companies consider implementing DRA'S as a way to reduce the cost of dental insurance premiums. By self insuring the dental plan, the premium to purchase a dental plan may be reduced considerably.

#### **3. How Does A DRA Work?**

DRA's are designed to take the place of a company offering a fully insured dental plan. Traditional dental insurance plans have low co-pays, low co-insurance, and/or low deductibles, but for the most part you could be paying more in premium then the actual benefit received. By implementing a DRA employers may be able to reduce their cost in providing the coverage. DRA's are an effective in managing employees' dental expenses, but employees will be required to submit receipts or understand how to get reimbursed for an eligible expense covered by the DRA.

#### **4. How Does The Deductible Get Paid?**

There are several ways an employee can get reimbursed from the DRA depending on the options an employer allows. Here are examples of how to get reimbursed:

- A. An employee can submit a claim online, mail it, fax it, or drop the claim off to us along with the proper documentation necessary to prove they have incurred the expense. Proper documentation may consist of a letter that they can receive from their dental provider. In some cases, a receipt from the provider may be all they need to submit. The proper documentation will be outlined by the employer.
- B. An employer may authorize the use of claims submission through the use of a VISA Card. If an employer authorizes this form of reimbursement, an employee will receive a VISA Card from HR Concepts after they are enrolled. To use the VISA Card, an employee simply presents it at an eligible location for an eligible expense. They may only use this card for eligible expenses and they must keep receipts, they may be contacted to verify the expense.

#### **5. Should An Employer Outsource The Administration?**

There are many factors to consider when deciding to outsource the administration of DRA'S. Though pricing is important, it isn't the only consideration to focus on. The employees will be submitting their claims for dental expenses, and all of their personal information of what they had done will be on the letter. Many employees will find this information private and may not want it shared with their employers. By outsourcing, the employer can get the claims paid, and the employee can rest assured that their information is kept confidential. It is also important to consider a Third Party Administrator who is setup for paying these types of claims. Employees are going to need an efficient streamlined process to receive their deductible money. Failure to reimburse an employee expediently could result in the employee receiving additional charges from their provider. Employers should consider using a TPA who can offer debit card processing for reimbursing the DRA expenses. This would allow the employee to pay for their expenses directly to the provider without having to submit claims for reimbursement.



## Dental Reimbursement Arrangements (DRA) (Continued)

### 6. What Are Some Of The Benefits OF A DRA Plan?

1. Helps Employers Save Insurance Premium Money
2. Effective Tool In Maintaining Budget
3. Savings On Insurance Premiums Can Be Used Elsewhere in Benefit Budget (Salaries, Benefits, Etc...)
4. Help Fund 401(k) Plans
5. Help Fund Section 125 Plans

### Calculation of Savings

Employers can realize great savings by implementing DRA'S, however; there are several factors that play a role in calculating the true savings. The basic formula for calculating a company's savings is as follows:

1.	Total cost of premiums with standard dental policy:	\$ _____	
	Total cost of premiums of DRA Plan:	- (Minus) \$ _____	
		Total: \$ _____ (A)	
<hr/>			
2.	Total Number of Employees on the Plan:	_____	
	Percentage of How Many Employees Will Use Full DRA Balance: X (Multiple) 60%		
		Total: _____ (B)	
<hr/>			
3.	The Maximum DRA exposure Per Employee According to Plan:	\$ _____	
	The Amount From Line (B) Above:	X (Multiple) _____	
		Total: \$ _____ (C)	
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4.	The Total Savings From Premiums (Line (A) Above):	\$ _____	
	The Total Expected Cost of DRA (Line (C) Above) - (Minus)	\$ _____	
	<b>Total Savings of DRA</b>	<b>\$ _____</b>	



## Outline of Services

### **Initial Setup / Installation / Take-Over**

#### **1. Initial Consultation**

Whether you have a DRA program or not, HR Concepts will take the time necessary to analyze and develop the right DRA program to fit your company's budget and benefit needs. We will integrate with your existing benefit programs and implement our procedures, which you customize, to keep your employees satisfied.

#### **2. Suggested Legal Documents**

Whether it is a new plan or take-over, HR Concepts will provide you with suggested plan documents, summary plan description, and corporate resolution.

#### **3. Interface With Existing Broker / Benefit Consultant**

After we have analyzed your current Dental Insurance design, HR Concepts will interface with your existing broker / benefit consultant to design the perfect DRA for your group.

#### **4. Setting Up Of The Systems**

In order to process the claims efficiently and accurately, HR Concepts, along with your input, will design the best procedures in order to manage claims. Your DRA plan design and outline of benefits will be inputted into our systems and if your company chooses to utilize the debit card for payment of DRA, the cards will be ordered and programmed.

### **Employee Communications**

#### **1. Enrollment Forms / Materials**

HR Concepts will provide you with a customized outline of Dental Plan Letter and enrollment brochure that will be given to the employees during the enrollment process.

#### **2. Enrollment Meetings**

Upon the initial setup or takeover, HR Concepts will provide enrollment meetings and education sessions to introduce the DRA to the employees. After this initial time, HR Concepts will conduct enrollment meetings for employees annually and when there is a significant amount of new hires.

#### **3. Claim Forms**

If employees decide to not use the DRA Debit card, or for expenses not covered by the card, HR Concepts will provide claims forms that can be submitted for reimbursement from the account.

### **On-Going Administration Services**

#### **1. Daily Claims Administration**

HR Concepts provides employers with a DRA Debit card for each employee. These cards are considered VISA Cards, however, they can only be used at predefined locations. If an expense can not be put through on the card, then the employee can submit this claim by mailing, faxing, emailing, or dropping it off to HR Concepts. Upon receipt, the claim will be processed and a check will be dispensed.

#### **2. Online Employee Account Balances**

Employees will have access to checking their balances of their DRA accounts online. They will also be allowed to download claim forms off of our website.

#### **3. Online Employer Account Statuses**

Employers will have access to periodic plan activity and employee's account balances via the web or by calling HR Concepts.



## **Implementation and Ongoing Administration Schedule**

### **Phase I**

1. Application taken and plan designed
2. Interface with broker / benefit consultant
3. Design the enrollment material
4. Set the enrollment dates
5. Initial deposit for account billed (Due upon receipt)
6. Setup/Installation charges billed (Due within 15 days)

### **Phase II**

1. Enrollment meeting letter goes out with paychecks or posted
2. Enrollment meetings performed
3. Employees complete their enrollment forms and return them to HR
4. HR forwards a complete list of all the employees who will have a DRA account to HR Concepts
5. HR Concepts enters data from the census given
6. HR Concepts sends out confirmation letter to employees with DRA debit card and claim forms

### **Phase III**

1. First quarter billing for accounts is sent
2. Daily processing of claims commencing
3. The online web access opened up for employees to check balance
4. DRA account balance monitored and claims reimbursed by employer

### **Phase IV**

1. Ongoing quarterly billing of accounts
2. Daily processing of claims
3. DRA account balance monitored and claims reimbursed by employer
4. Analyst of program for effectiveness and costs savings
5. Future employee enrollment meetings conducted
6. Updates and plan amendments completed



**Fee Schedule**

HR Concepts is a full servicing Third Party Administrator. Our philosophy on pricing is to include all of our services for the plan you purchase for one simple fee. We do not have any additional charges other than what is outlined below. Each plan, regardless of the options chosen, will have an installation price, renewal fee, and an employee fee for the Dental Reimbursement Arrangement. All of the services outlined with this proposal are included in our pricing model. We appreciate a company’s necessity to gather competitive pricing to compare costs, so if there are any questions or comments on our pricing / services, please don’t hesitate to ask. Thank you for considering HR Concepts, LLC as your Administrator of choice.

**Dental Reimbursement Arrangement Option 1 Standard**

Installation:	\$750
Renewal:	\$450
Employee Account Administration Fee:	\$8.00/Employee/Month with a DRA Account. There is a minimum billing of \$96/month for account administration.

**Dental Reimbursement Arrangement Option 2 Green**

Installation:	\$650
Renewal:	\$400
Employee Account Administration Fee:	\$7.50/Employee/Month with a DRA Account. There is a minimum billing of \$90/month for account administration.

Same services as outlined in this proposal, except:

- Email address required for all participants
- Completed Direct Deposit form required for all participants
- Claims paid via VISA or (manual claims) via Direct Deposit
- Encourage online forms
- PDF version of enrollment/education materials provided to Employer for distribution to Employees
- Enrollment via Excel spreadsheet
- Employee and Employer reports/notifications sent via email monthly

(If an employee has a DRA and an FSA, HR Concepts will charge a combined rate of \$10.00 instead of \$5.15 for the FSA and \$8.00 for the DRA - **A \$3.15 Savings**)

(The combined installation rate for a company who has an FSA and an DRA is \$1,000 instead of \$750 for the FSA and \$750 for the DRA - **A \$500 Savings**)

(The combined renewal rate for a company who has an FSA and an DRA is \$700 instead of \$450 for the FSA and \$450 for the DRA - **A \$200 Savings**)