

HR Concepts, LLC

"Your Third Party Administrator of Choice"

Healthcare Reimbursement Arrangement

2011 Plan Year

Presented By:

Peter H. Jennings
CEO/President
Human Resource Concepts, LLC



Flex Plans • HSA's • Commuter Plans • HRA's • Dental Plans • COBRA

**Phone: 603-647-1147 • Fax: 603-647-2329 • email: info@hrconcepts.biz
www.HRConcepts.biz • 111 Charles Street • Manchester, NH 03101**



Table of Contents

Table of Contents	2
Background	3
Healthcare Reimbursement Arrangement	
Explanation of HRA	4
Calculation of Savings	5
Outline of Services	6
Implementation Schedule	7
Fees	8





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 do not 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 Third Party Administrative services for Flexible Spending Accounts (FSA), Healthcare Reimbursement Arrangements (HRA), Parking and Transit Accounts (PRA & TRA), Healthcare Savings Accounts (HSA), Dental Reimbursement Plans (DR), and COBRA Administration. 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, the most advanced technology platform, integrity, honesty, and a fair price. Our firm is dedicated to being your Third Party Administrator of Choice!



Healthcare Reimbursement Arrangements (HRA)

Explanation of HRA

1. What is a Healthcare Reimbursement Arrangement?

An HRA 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 health insurance plan. It is an arrangement that employers promise to pay certain expenses on behalf of the employee to help reduce their cost of medical expenses, for themselves, their spouse, and dependent children. This arrangement is 100% paid for, funded, and designed by the employer for the employee's benefit.

2. Why Would A Company Consider A HRA?

Companies consider implementing HRA'S as a way to reduce the cost of health insurance premiums. By increasing the deductible of the health insurance plan, the premium to purchase the coverage can be reduced considerably.

3. How Does A HRA Work?

HRA's are designed to work in conjunction with a high co-pay, high co-insurance, or high deductible high plan offered by the employer. Traditional health insurance plans have low co-pays, low co-insurance, and/or low deductibles, but because the health insurance rates and medical expenses continue to rise, employers are deciding to design and implement HRA's to reduce employees' cost. By increasing the co-pay, co-insurance, and/or deductible, the cost of your health insurance premiums will decrease, but an employee's out of pocket costs may increase. This is why employers implement an HRA to help employees reduce their potential out of pocket increase while still providing them with a health insurance policy the offers complete coverage. HRA's are an effective in managing employees' expenses, but they will be required to submit receipts or understand how to get reimbursed for an eligible expense covered by the HRA.

4. How Does The Deductible Get Paid?

There are several ways an employee can get reimbursed from the HRA 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 will receive from the health insurance company. This letter is called a letter of explanation of benefits (EOB). In some cases, a receipt from the pharmacy may be all they need to submit. The proper documentation will be outlined by the employer. Once the claim is processed, the participant will receive a paper check or the reimbursement will be direct deposited to the personal checking/savings account that was provided.
- 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 paying the deductibles. Though pricing is important, it isn't the only consideration to focus on. The employees will be submitting their claims for deductible reimbursement, and all of their personal information of what they had done will be on the EOB. 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 deductible. This would allow the employee to pay for their deductibles directly to the provider without having to submit claims for reimbursement.



Healthcare Reimbursement Arrangements (HRA) (Continued)

6. What Are Some of the Benefits of an HRA Plan?

1. Helps Employers Save Insurance Premium Money
2. Is an Effective Tool in Maintaining Employee Benefits Budgets
3. Savings on Insurance Premiums Can Be Used Elsewhere in Benefit Budget (Salaries, Benefits, etc...)
4. Helps Fund 401(k) Plans
5. Helps Fund Sect. 125 Plans

Calculation of Savings

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

	Traditional Plan	HRA Program
Premium		
Individual contracts _____ @ \$ _____ times 12 months equals	\$	
Family contracts _____ @ \$ _____ times 12 months equals	\$	
Other contracts _____ @ \$ _____ times 12 months equals	\$	
Other contracts _____ @ \$ _____ times 12 months equals	\$	
Individual contracts _____ @ \$ _____ times 12 months equals		\$
Family contracts _____ @ \$ _____ times 12 months equals		\$
Other contracts _____ @ \$ _____ times 12 months equals		\$
Other contracts _____ @ \$ _____ times 12 months equals		\$
Total Premium (A)	\$	\$
HRA Reimbursement Costs		
Individual contracts _____ @ \$ _____ (HRA maximum) equals		\$
Family contracts _____ @ \$ _____ (HRA maximum) equals		\$
Other contracts _____ @ \$ _____ (HRA maximum) equals		\$
Other contracts _____ @ \$ _____ (HRA maximum) equals		\$
Total Potential Employer Liability		\$
Likely percent of reimbursement (assumes HRA @ 50% of deductible)		60%
Total Projected Liability (B)		\$
HRA Administrative Costs		
Implementation Fee (\$750 HRA only or \$995 HRA/FSA)		\$
No. of HRA participants _____ times monthly admin cost \$ _____ times 12 months		
Total HRA Administrative Costs (C)		\$
Total Projected Cost (A + B + C)	\$	\$
Projected Savings		\$



Outline Of Services

Initial Setup / Installation / Take-Over

1. Initial Consultation

Whether you have a HRA program or not, HR Concepts will take the time necessary to analyze and develop the right HRA 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 Health Insurance design, HR Concepts will interface with your existing broker / benefit consultant to research available health plans and their costs.

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 Health Insurance 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 deductible, the cards will be ordered and programmed.

Employee Communications

1. Enrollment Forms / Materials

HR Concepts will provide you with a customized outline of Health 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 HRA 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 HRA 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

If the employer elects for debit cards to be used, HR Concepts will provide employers with a HRA Debit card for each employee enrolled. These cards are considered VISA Cards, however, they can only be used at predefined locations. If an expense cannot 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 HRA 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 HRA account to HR Concepts
5. HR Concepts enters data from the census given
6. HR Concepts sends out confirmation letter to employees with HRA 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. HRA account balance monitored and claims reimbursed by employer

Phase IV

1. Ongoing quarterly billing of accounts
2. Daily processing of claims
3. HRA 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 Healthcare 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.

Healthcare Reimbursement Arrangement Option 1

Installation: \$750

Renewal: \$450

Employee Account Administration Fee:* \$4.85/Employee/Month with a HRA Account. (Minimum billing of \$58.20/Month)

*HRA pricing may be reduced based on plan design.

Healthcare Reimbursement Arrangement Option 2 Green HRA

Installation: \$650

Renewal: \$400

Employee Account Administration Fee: \$4.50/ Employee/Month with a HRA account. (Minimum billing of \$54/Month)

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



HR Concepts, LLC

Your Third Party Administrator of Choice

- **you want the HRA administered at the family-member level, rather than the contract level.** The standard HRA reimburses whoever in the family needs the money first, rather than setting a maximum reimbursement for each family member. If you want the HRA to work like a standard HMO or PPO and track deductibles/reimbursements at the individual family member level, HR Concepts can set up that program for you. This member-level program is more costly than the standard programs quoted in the proposal because HR Concepts must manage a family HRA and individual HRAs for each family member. *This is especially important when you're increasing your deductible and adding a back-end HRA to pick up the additional deductible that employees potentially owe. The HRA will **not** work the same way as the health plan at the member level unless you design it specifically to do so.*