



Healthcare Reimbursement Account Plan Concept

- * Tax deductible deposits.
- * Easy Access debit card provided.
- * Unfunded liability to your company.
- * On termination, fund stays put.¹
- * Year-end rollover of funds.
- * Huge List of IRS Qualified Expenses.
- * Employees may participate pre-tax.
- * Low cost administrator provides service.

There are numerous approaches to cost-sharing the employee benefits that companies provide to their employees. One approach that maximizes consumerism and provides ease of use to your employees is the VBS HRA Plan (Vermont Brokerage Services Healthcare Reimbursement Plan).

Here's how the plan works:

Statistically, 80% of the claims incurred by your group are generated by just 20% of the plan participants. The remaining 80% of participants are utilizing the plan for nothing more than sickness and wellness care and prescription drugs. If employers provided a catastrophic insurance product that took care of the high claim population and coupled it with a tax-free spending account for the reimbursement of employee out-of-pocket costs, insurance costs would go down and employee satisfaction would go up. You determine which of the IRS approved expenses the employees may deduct using the "easy claim" debit card access to their accounts. This concept defines a consumer driven health care plan.

We'll help you shop and choose the most efficient medical insurance plan and carrier. Then we will provide a proposal that offers a variety of options for establishing spending accounts for your employees using some or all of the premium savings. Depending on your cash flow, you will "seed" the employee's accounts to assist them in covering out-of-pocket costs. You may create classes of employees to bonus executive or hard to replace employees depositing additional dollars to their accounts. Regardless, if an employee terminates, the remaining funds stay with your company¹. If you wish to allow employees to participate, a section 125 Flexible Spending program can be added. We highly recommend promoting employee deposits. They are pre-tax, which reduces their gross pay as well as your matching taxes. The administrator will automatically draw employee deposits first and HRA deposits last.

You have the option of "capping" the company-made HRA deposits and over time, reducing the company's exposure. A predictable number of employees will use their accounts so little that the account value will reach the cap and the company can stop making deposits.

The VBS HRA plan is designed to be successful and cost-effective for many years. Our proposal will provide all the details including a description of the IRS eligible expenses.

¹ Subject to COBRA election/participation