

STATE OF MINNESOTA

HEALTH REIMBURSEMENT ARRANGEMENT (HRA) ACCOUNT QUESTIONS & ANSWERS

1. Q: How much will be contributed to my HRA account for 2011?

A: Effective January 1, 2011, the State of Minnesota will contribute \$125 towards an HRA.

2. Q: Who is eligible for the HRA contribution?

A: Individuals enrolled in the Minnesota Advantage Plan as of January 1, 2011, will be eligible for the contribution. The enrolled individuals include active employees, retirees under the age of 65, Former Employees with Disabilities (FEWD), COBRA participants, Independent Billing Unit (IBUs) employees, and employees on a leave of absence.

3. Q: When will the State HRA account become active?

A: The account will become active effective January 1, 2011. You are able to submit eligible expenses incurred on or after January 1, 2011.

4. Q: How can I be reimbursed for my medical expenses from my HRA account?

A: Newly eligible participants will receive a debit card (called the Benny Card) that is pre-loaded to pay for qualifying expenses at medical providers, dental providers, qualifying retailers and pharmacies. If you have participated in the MDEA or HRA in the past, the new HRA amount will be loaded onto your existing card.

The Benny Card is one method to access your account. You can also submit paper reimbursement request forms to Eide Bailly Employee Benefits. Another method of reimbursement is to enter your claim on-line at www.eidebaillybenefits.com/som and fax or mail in your itemized statements to substantiate your reimbursement request. You can also provide the debit card number to your medical and dental provider to pay for your portion of eligible expenses after your insurance claim has been processed.

5 Q: If I use the debit card, do I still need to keep my receipts?

A: Yes. Although many expenses will not require that you submit proof of qualifying health care expenses, some may require that you submit statements or receipts to Eide Bailly Employee Benefits, the plan administrator. For example, expenses that are incurred through the plan of your spouse's employer. In addition, you should always retain copies of itemized statements and receipts in case you need them for an IRS audit.

6. Q: Is there any cost to use the debit card?

A: The State will pay the administrative fee on your \$125 HRA for the 2011 plan year. Plan participants receive two cards, which may be used by you, your spouse, and your dependents. If you need additional cards, there will be a \$10 charge for two cards and this charge will be deducted from your HRA account. The fee also applies for lost or stolen cards.

Beginning January 1, 2011, if you do not have a \$125 HRA and you have a remaining balance on your \$250 HRA, a \$2.65 monthly fee will be deducted from your \$250 HRA account until that account is depleted.

7. Q: How do the State HRA account and the State's Medical and Dental Expense Account (MDEA) work?

A: The State of Minnesota has sponsored the MDEA plan for several years. This plan allows insurance-eligible employees to establish during Open Enrollment a pre- tax account to pay for certain unreimbursed out-of-

pocket medical and dental expenses during the plan year. Only expenses that occur during the course of the same calendar year are reimbursable and any unused monies in the account are forfeited to the plan at the end of the claims period. The MDEA is optional, and employee payroll contributions are not subject to federal, state, or FICA/Medicare withholding.

The HRA is funded by the Employer and is also used to reimburse the employee for certain out-of-pocket medical and dental expenses. Unlike the MDEA, unused funds in the HRA account will rollover from year to year, without being forfeited.

8. Q: What are the tax implications for the HRA account for employees?

A: The HRA is a tax-free employee benefit provided by your employer. It will not appear on your W-2. You are not required to pay any taxes (federal, state or FICA) on the HRA contribution as long as the funds are used for eligible medical expenses.

9. Q: How can I check my account balance in the HRA and MDEA?

A: You can view your account activity and available balance by logging into your account at www.eidebaillybenefits.com/som. Login instructions are available on the website. For additional assistance, please call customer service at Eide Bailly between 8:00-4:30 Monday through Friday at 952-944-6633 or 1-800-300-1672.

10. Q: Do I have to have a Medical Dental Expense Account (MDEA) in order to participate in the HRA?

A: No. Participation in the MDEA benefit remains optional, but you will want to consider any dollars remaining in your HRA when deciding how much to elect towards the MDEA. See the response to question #7.

11. Q: Other than the rollover, are there any major differences in how the MDEA and the HRA work?

A: For the most part, the HRA account will reimburse for the same types of expenses as the MDEA. However, the HRA will additionally reimburse Long-Term Care premium payments and individual (not employer-sponsored) health insurance premiums. The MDEA does not reimburse for any type of insurance premiums.

If an employee has an MDEA, it must be exhausted annually *prior to* using the HRA account(s). In other words, for medical expenses, the employee must first seek reimbursement from his/her MDEA until that account is exhausted before seeking reimbursement from the HRA account. The HRA will reimburse for Long-Term Care premiums even though the employee may have not fully exhausted his/her MDEA account.

12. Q: I understand that the MDEA can only be used to reimburse for medical/dental expenses that occur in a given Plan year. Is that also the case with an HRA?

A: Yes. Requests for reimbursement for medical expenses incurred in calendar year 2011 from your HRA account must be *received* at Eide Bailly by March 1, 2012, in order to be eligible for reimbursement. Should you have funds remaining that roll over to any future year, each calendar year's expenses must be received at Eide Bailly by that year's claims deadline, which typically occurs at the end of February or the first of March following the calendar year in which the expenses have been incurred. For specific claims deadlines, please contact customer service at Eide Bailly, Monday through Friday between the hours of 8:00-4:30 at 952-944-6633 or toll free 1-800-300-1672.

13. Q: Will I receive any interest on my HRA account?

A: No. HRA funds are not deposited into an interest bearing account.

14. Q: I'm still confused on how my MDEA and HRA plans work together. Let's say that I have a total of \$400 in my MDEA and have a balance of \$100 in my HRA. At the end of the Plan year, on December 15, I have some dental work done and it costs me \$1,000 in expenses not covered by my insurance. How will I be reimbursed?

A: You can use your debit card and it will first deplete your MDEA balance and then your HRA balance. If you choose to submit a paper or electronic claim, you will first have to submit your claim for the MDEA. Once the \$400 is depleted, your HRA will automatically be debited for the balance, \$100.

15. Q: I plan to retire at the end of the year. What will happen if I don't deplete my HRA balance before I retire?

A: You can still access any remaining funds in your HRA account after you retire.

16. Q: What happens to my HRA if I terminate?

A: You can continue to access any remaining funds in your HRA account after termination.

17. Q: My spouse and I are both employed by the State; however, my spouse carries the dependent insurance coverage. Will we both receive the \$125 HRA? Who can claim our children's health-related expenses under the HRA?

A: You will both receive the \$125 HRA. Either spouse can submit claims to their respective HRA for un-reimbursed expenses for dependent children. **Expenses for dependent children can also be submitted for reimbursement through the end of the year in which they turn age 26.**

18. Q: If I am a MnSCU employee and receive the HRA from MnSCU, how will this interact with the State HRA?

A: Expenses submitted will first exhaust the MDEA (if you have one) then the State \$250 HRA, if applicable, then the State \$125 HRA, and then the MnSCU HRA.