



Weight Management Health Reimbursement Arrangement (HRA)



Introducing Weight Management HRA

Weight loss medications, such as popular GLP-1 treatments, remain excluded from many group health plans. The Weight Management Health Reimbursement Arrangement (HRA) offers an innovative solution to support your employees' health, wellness, and productivity. By providing a dedicated fund that can cover the cost for all or some of these critical medications, you empower your workforce to pursue healthier lifestyles, ultimately boosting their overall well-being and workplace performance. This tailored benefit not only addresses a significant gap in coverage but also enhances employee engagement and satisfaction, making it a valuable addition to your company's wellness strategy.

How it works

Employers set up the HRA

- + Company provides a discretionary subsidy for eligible expenses (e.g. \$200/month) per eligible employee for weight loss medications (see list)
- + Forma works with the company to design program eligibility and limits that align with industry standards, compliance and employer preference
- + Employees submit expenses for claims reimbursement with necessary documentation (i.e. letter of medical necessity, prescription)
- + Forma administers claims approvals and reimbursements



Widely accepted treatments

ADIPEX-P
BENZPHETAMINE HCL
CONTRAVE
DIETHYLPROPION HCL
DIETHYLPROPION HCL ER
IMCIVREE
LOMAIRA
ORLISTAT
PHENDIMETRAZINE TARTRATE
PHENDIMETRAZINE TARTRATE ER
PHENTERMINE HCL
QSYMIA
SAXENDA
WEGOVY
XENICAL
ZEPBOUND

How it works (cont.)

Eligible expenses

- + Prescribed weight loss drugs that are excluded from core medical plans (employer can decide if this includes or excludes compounded medications)

Employee claims process

The submission and approval process is as follows:

- + Employee receives a prescription from a medical professional and obtains a letter of medical necessity (should your plan require this)
- + Employee submits 1) proof of script and 2) receipt for the eligible expense to Forma. (Note: HIPAA compliance requires storing receipts in database separate from Lifestyle Spending Accounts and are hidden from the Forma Admin Portal.)
- + Forma adjudicates the claim within 72 hours (average is 24-48 hours)
- + Funds are provided via direct deposit or payroll and are taxable to the employee

Forma implementation

Implementation and administration with Forma includes:

- + Program design for the HRA (and LSA if requested)
- + Demographic file for program eligibility to note employees enrolled in group medical plans
- + SFTP taxability file sent to employer
- + Plan documents
- + Nondiscrimination Testing, covered at no cost

Employees may need proof of minimum value medical coverage (if no file is established), and for members in an HSA plan, employees must meet the IRS minimum deductible before receiving reimbursement.

What is a specialty HRA?

Specialty HRAs are defined contribution, account-based plans designed to cover the cost of specific health expenses not covered by the group health plan, such as infertility, mental health, gender affirming care, abortion, medical travel, and autism.

HRAs must be employer funded. Most HRAs include an annual limit. HRA money can be used to pay for eligible tax-free medical expenses. The HRA is subject to ERISA and requires a plan document and SPD. Employers will want to work with a third-party administrator (Forma) to manage HRA operations and compliance. Employers cannot reimburse a §213(d) medical expense outside of a group health plan. Reimbursement of a medical expense creates a group health plan (GHP) that has to comply with the full array of group health plan laws (ERISA, COBRA, HIPAA, ACA, 105(h), PCORI).

Whether the employer formally recognizes it or not, employers would effectively create a new group health plan anytime medical expenses are reimbursed outside of a plan document.

Why HRAs are increasingly popular

HRAs are gaining popularity among employers due to their high level of customization. Employers have the flexibility to fund them on a monthly or annual basis, set lifetime limits, or allow funds to roll over. They also have control over eligibility, whether it's for employees enrolled in their company's health plan or extended to the entire workforce, including dependents. Employers can even tailor which medical expenses, such as specific medications, are covered. This flexibility allows employers to design a benefits program that aligns perfectly with their unique needs.

Eligibility and compliance

Eligibility requirements for an HRA:

- + The employer offers a major medical plan that provides minimum value to the employee.
- + HRA is available only to employees enrolled in a group medical plan.
- + The employee is permitted to permanently opt-out of HRA annually and upon termination.
- + HRAs cannot be integrated with individual marketplace coverage.

Coordination with HSA:

- + HRAs need to be HSA-compatible. If not, employees covered by a HDHP will be ineligible to make or receive HSA contributions.
- + Employees must meet the self/family HDHP statutory minimum deductible to be eligible for HRA reimbursement.

FAQs

Is the HRA necessary? The amounts are so low, can we just set up a Lifestyle Spending Account?

In order to meet employee benefits compliance rules you will need to establish an HRA if medically eligible expenses are being reimbursed. You can layer additional funds in to support amounts above the tax-free reimbursable amounts.

Is it the employer responsibility to determine HRA eligibility?

Yes, employers must limit participation to employees enrolled in the employer's medical plan or have the employee attest to being enrolled in a group health plan through a spouse, domestic partner, or parent.

Privacy concerns?

Forma is HIPAA compliant and follows the obligations for a TPA.

Documentation requirements

Plan Documents/Filings Required:

- + Plan document and SPD: The HRA is an ERISA group health plan that must have a plan document and SPD.
- + SMM: Employees must be notified of a material change to the HRA within 210 days after the end of the plan year (60 days of adoption for a material reduction in benefits).
- + Include in 5500 filing if plan has over 100 participants.

Section 105(h) Nondiscrimination:

The HRA is a self-insured group health plan subject to Eligibility, Benefits and Operational Discrimination Testing (no utilization component to testing and not as difficult as DCFSA).

COBRA:

Employers must provide COBRA rights to eligible participants upon termination or other qualifying event with reasonable estimate of cost (the COBRA premium is typically 60%-80% of the amount made available annually).

PCORI:

Employers must pay an annual PCORI fee for the HRA if the employer's medical plan is fully insured. No PCORI fee for the HRA is required if the employer's medical plan is self-insured (and has the same plan year as the HRA).

HIPAA:

The HRA is subject to the HIPAA privacy and security rules that safeguard PHI and restrict the use and disclosure of PHI.