

HRA Basics

Internal Revenue Code (IRC) Section 105(h) allows employers to contribute tax-free funds to Health Reimbursement Accounts (HRAs) so employees can pay for certain medical expenses that are not covered by any other source. HRAs can be designed by an employer to fit a variety of needs and program designs.

Here are some HRA Basics:

- HRAs are funded entirely through employer contributions. Your employer will indicate what contributions will be made and at what frequency.
- Your employer will determine the eligibility requirements for receiving HRA contributions. Generally, you must be enrolled in a specific health plan through the employer to receive the funds.
- Your employer will determine when claims must be submitted and how long contributed funds will remain available. The HRA monies must be spent by the end of the plan year and do not roll over from year to year.