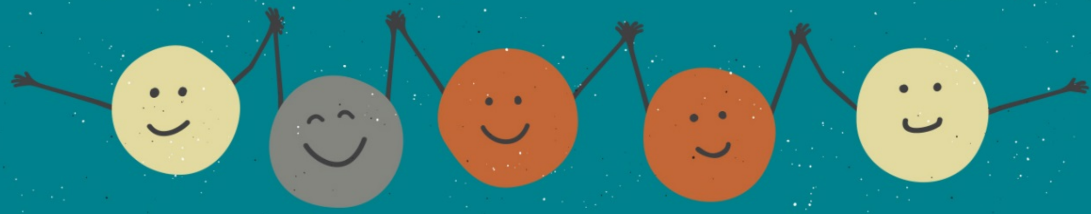
MINNESOTA STATE

HEALTH REIMBUSEMENT ARRANGEMENT (HRA)



Questions & Answers for Plan Year 2019

1. Q: How much will be contributed to my HRA account for 2019?

A: $800 will be contributed for eligible Administrators and $800 will be contributed for eligible IFO members.

2. Q: Am I eligible for the HRA contribution?

A: IFO faculty and Administrators are eligible for the HRA benefit if they meet the following criteria:

a. the employee is actively employed on January 2, 2019;

b. the employee is receiving an employer contribution to the State's health insurance program on January 2, 2019, under terms of the IFO Agreement or Personnel Plan for Minnesota State Administrators or is receiving coverage as an eligible dependent under the Health Insurance Plan of another state employee, provided that but for such dependent coverage, the individual would be required to receive coverage under terms of the IFO or Personnel Plan agreements; and

c. the employee either has less than $700 in an existing HRA account as of close of business on December 31, 2018, or does not have an existing HRA account.

IFO faculty and Administrators who satisfy the first two criteria, but have an existing HRA account balance of $700 or more as of close of business on December 31, 2018, are eligible for an equivalent contribution to a Health Care Savings Plan account (HCSP) administered by the Minnesota State Retirement System (MSRS).

3. Q: How does the HRA employer contribution get made to my account?

A: During the first part of January, eligibility reports will be generated based on HRA account balances and insurance eligibility codes in SCUPPS, the System's electronic personnel management system. Based on those reports, an $800 account will be established for each eligible Administrator and $800 will be established for each eligible IFO member at 121 Benefits, the Administrator for the HRA program.

Employees who had $700 or more in their HRA account at 121 Benefits as of close of business on December 31, 2018, but who satisfy the HCSP eligibility criteria (see criteria a) and b) in Question No. 2) will have a contribution sent to MSRS, for posting to a Health Care Savings Plan account (HCSP) (see Q# 9 for more information on this program).

4. Q: When can I begin to use my 2019 HRA account?

A: Eligible expenses can begin to be submitted to 121 Benefits, the Claims Processing Administrator, anytime in January, but remember that accounts may not be set up and ready to process reimbursements until mid-January. Due to certain limitations of the debit card, after the first of the year, claims for reimbursement for expenses incurred in the preceding calendar year must be submitted manually, by mail or fax, to 121 Benefits, and must be accompanied by a completed Minnesota State HRA reimbursement form. In other words you can't use your debit card to pay 2018 claims in 2019. You can use the debit card to pay claims from your MDEA or your State HRA, but until the "posting project" is complete the Minnesota State HRA funds are not available on the debit card.

For example, after January 1, 2019, a claim for reimbursement of a co-pay for an office visit in December 2018 will need to be submitted to 121 Benefits by completing the paper reimbursement form and mailing it to 121 Benefits at the address indicated on the Minnesota State HRA reimbursement form. Reimbursement forms can be downloaded from 121 Benefits' website: www.121benefits.com. Click the section labeled Minnesota State Participants.

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

A: The State of Minnesota sponsors the MDEA plan, which allows insurance eligible employees to set up a regular payroll contribution to a pre-tax reimbursement account, during Open Enrollment. The MDEA account allows employees to seek reimbursement on pre-tax basis for certain out-of-pocket medical and dental expenses for the next calendar year. Only expenses that occur during the course of the same calendar year are reimbursable; any unused monies in the account are forfeited to the plan at the end of the claims period. The MDEA account is optional, and employee payroll contributions are not subject to federal, state, or FICA/Medicare withholding.

The HRA is funded by the Employer contribution as described in Q & A No. 1 and is also used to reimburse the employee for certain out-of-pocket medical and dental expenses. Unlike the MDEA, funds in the HRA account can roll-over from year to year, without being forfeited, as long as the participant continues to satisfy the eligibility criteria, or chooses COBRA coverage at termination of employment.

6. 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 whether or not you intend to use the HRA account in the coming calendar year when you decide how much money to have deducted for the MDEA account during Open Enrollment in November. See the response to Q# 7.

7. 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 participants for Long-Term Care premium payments and individual (not employer-sponsored) health insurance premiums. The MDEA does not reimburse for Long-Term Care premiums.

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

8. Q: How do I get reimbursed for my Long-Term Care (LTC) insurance if have an LTC policy with the State Employee Group Insurance Program?

A: Participants who would like to obtain reimbursement for LTC premiums should use the regular Minnesota State HRA reimbursement form available at www.121benefits.com. They should use a separate form for this request and not combine this request with MDEA requests for reimbursement. After they list the expense on the form, they should add in the same area of the form: "Not an eligible MDEA Expense—Pay from HRA only". As evidence of the expense, participants should provide a copy of their payroll advice that is printed off the State's "self-serve" website and circle the section that is labeled "Long Term C" and the amount and write at the bottom of the advice: "Long Term Care Insurance Premium".

Participants with balances of $700 or more in their HRA accounts will need to submit this request to 121 Benefits prior to the close of business on December 31, 2018 if they would like 2018 Long Term Care Premium paid out of their 2018 HRA account.

9. 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 from your HRA account must be submitted by February 28, 2019 for expenses incurred in the 2018 plan year. For medical expenses that are incurred in the 2018 calendar year, requests for reimbursement must be submitted by February 28, 2019. Claims must be postmarked by those dates to 121 Benefits, the Plan Administrator in order to be eligible for reimbursement. The time period from January 1 until February 29 is sometimes called the "run-out" or "claiming" period for seeking reimbursement of expenses incurred in the prior calendar year.

Note, after January 1, 2019, participants seeking reimbursement for an expenses incurred during calendar year 2018 must do so manually on the reimbursement forms provided by 121 Benefits (See Q & A No. 8. above); participants will not be able to use their Benny Card to cover eligible expenses for a prior calendar year.

10. Q: How do I insure that the new contribution goes into my HRA account rather than the HCSP account?

A. If you wish to receive a contribution to your HRA account in calendar year 2019, you must meet all the eligibility criteria described in Q & A No. 2 on January 2, 2019. If you hold an existing HRA account, you will need to take steps to ensure that your HRA account is under $700 by December 31, 2018, in order to receive an HRA contribution in calendar year 2019. You can reduce your HRA account balances by submitting a sufficient amount of eligible medical/dental expenses for reimbursement to 121 Benefits by December 31, 2018.

NOTE: claims for reimbursement must be received by 121 Benefits before the close of business on December 31, 2018, in order to reduce your 2018 HRA account balance. It's easy to keep track of how much money is in your HRA account; each time you are reimbursed from your HRA account, the claims processing administrator provides you with a statement of your current balance in the HRA account.

Additionally, you can contact 121 Benefits at 612-877-4321 or toll free at 800-300-1672 or go to www.121benefits.com, to learn your current HRA account balance. Bear in mind that you must exhaust any MDEA account that you established through Open Enrollment, before claims for medical expenses can be reimbursed from your HRA account.

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

A: No. HRA accounts are owned by the employer and thus there is no interest credited to individual participant accounts.

12. Q: My employment with Minnesota State is ending. What will happen to my HRA?

A: If your employment with Minnesota State ends, your participation in the HRA program will end on the last day of the month in which your employer paid (either full or partial contribution) health insurance ceases. If your participation in the HRA program ends, we are obligated to offer you the opportunity to receive COBRA benefits. Employees whose participation in the HRA program ends may extend their participation if they choose COBRA coverage (and pay the required fees) or if the elect that alternative plan described in Q# 14, below.

Once an employee's participation in the HRA program ceases, the employee can re-establish eligibility to participate in the Plan at the beginning of the next calendar year, if he/she satisfies the eligibility criteria. See Q & A No. 2, above. Additionally, the employee can continue to submit claims for eligible medical expenses that were incurred during the period of participation until February 28th of the following year. If they do not have any eligible expenses, or do not choose to use the HRA, they will forfeit the amount in their HRA at the conclusion of the claiming period for the plan year in which their employment ends, unless they select either the COBRA coverage, or the alternative to COBRA coverage (see next Q&A). Interim administrators who move to the IFO unit, or IFO unit members who move to interim administrator positions in an insurance eligible position will not forfeit their HRA.

13. Q: What is the "alternative coverage" or "alternative COBRA" plan?

A: Under the HRA Plan document, a participant who terminates employment has the option of continuing the HRA benefit by electing the COBRA continuation benefit. The COBRA benefit is paid by the employee on a monthly basis, at cost, plus a small administrative fee. Alternatively, the employee may choose to continue the HRA benefit until the end of the plan year in which his/her employment ends under the alternative coverage option (this option is sometimes called the "alternative plan" option). There is no charge for the alternative coverage option.

A participant has 60 days from termination in which to elect alternative COBRA coverage. Employees who fail to respond to the COBRA notice will forfeit their HRA account balances at the end of the claiming period, unless the employee re-establishes eligibility to participate in the HRA program on January 1 of the next calendar year.

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 account and have a balance of $300 in my HRA account. At the end of the Plan year, on December 15, 2018, 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 would first have to submit your claim to the MDEA account. Once the $400 is depleted, your HRA account will automatically be debited for the balance, $300.

If you choose to submit the claim against your HRA account, you would only be able to collect the balance that is left in the 2018 HRA account at the time that your claim is submitted, or $300.

15. Q: But, I will get another deposit to my HRA account in the new Plan year, on January 1. Can I use this account to submit yet a third claim on my $1,000 of expenses in the above question?

A: Yes. In the above example, you would have had the following reimbursements made against the $1,000 claim:

Total un-reimbursed dental claim (incurred on December 15):	$ 1,000
MDEA account reimbursement:	$ (400)
HRA account reimbursement (prior year):	$ (300)
Balance of unreimbursed dental claim on December 31:	$ 300

The remaining balance of $300 in un-reimbursed dental expenses is eligible for reimbursement from your 2018 HRA account if you submit the un-reimbursed portion of the dental claim to the claims processing administrator after the 2019 HRA contribution is made (January 2019), but postmarked by February 28, 2019. Since this claim was incurred in the 2018 Plan year, you will not be able to submit for reimbursement for this expense with your 2019 MDEA account. One note of caution: medical expenses that have been previously reimbursed by your MDEA or HRA may not be submitted to the HRA Plan for a second, i.e. duplicate, reimbursement.

16. Q: What is the relationship between the Minnesota State HRA and the State HRA I have heard about?

A: The State, through Minnesota Management and Budget, contributed $250 in 2009 and $125 in 2011 into separate HRA accounts that are administered by MMB. Employees who were enrolled in the State Employee Group Insurance Program on the first day of 2009 and 2011 respectively, were eligible for these State contributions. The State HRA's cover the same type of out-of-pocket medical expenses as the Minnesota State HRA. It is important that you understand the order in which the reimbursement accounts are tapped in order to pay claims. Eligible expenses will first be paid from the 2009 State HRA until exhausted, then from the 2011 State HRA until exhausted, then from the MDEA account to the extent you have established such an account during open enrollment. The Minnesota State HRA will pay last. Please note that the 2009 and 2011 State HRA's are subject to a $2.62 monthly fee imposed by the State effective January 2013.

17. Q: I plan to retire at the end of the academic year. What will happen if I don't complete the COBRA paperwork when I retire?

A: If you don't submit the COBRA paperwork you will not be allowed to continue using your HRA account to obtain reimbursement for expenses incurred after the last day of the month in which your employer paid insurance ends. All eligible claims for reimbursement must be submitted by February 28 of the plan year. After the claiming period has passed, any funds that remain in your HRA account will be forfeited.

18. Q: If I have in excess of $700 in my existing HRA account when the new annual deposit is scheduled to be made, how will I know if a HCSP was set up for me, or posted to my existing HCSP account?

A: If your HRA account balance exceeded $700 on December 31, 2018, when the new deposits are made in early January 2019, you will not qualify for an HRA contribution. Instead, assuming you meet the other eligibility criteria (see Q & A No. 2) you will qualify for a contribution to a HCSP account. Your HCSP contribution will automatically be forwarded to the Minnesota State Retirement System (MSRS), where a HCSP will be established for you or added to your current account.

MSRS will contact new account holders shortly thereafter to confirm the account and provide you with further information regarding your investment options. You can check your balances and account information for the HCSP at the MSRS website: www.msrs.state.mn.us or at 800/657-5757 TOLL FREE or in the metro area at 651/296-2761.

You can check the balances in your HRA account at the 121 Benefits website: www.121benefits.com, or by calling their customer service center at 800/300-1672 TOLL FREE, or in the metro area at 612/877-4321.

19. Q: My spouse and I are both employed and covered by our own HRA Plans. However, my spouse carries the dependent coverage on the insurance. Who can claim our children's health related expenses under the HRA?

A: Either spouse can submit claims to their respective HRA accounts for un-reimbursed expenses for dependent children.

20. Q: For IFO faculty whose employment ends, when does the alternative plan coverage option take effect?

A: IFO faculty will become eligible for alternative plan coverage rights at the end of the month in which their employer paid insurance ends.

21. Q: If a participant has waived HCSP coverage (i.e., due to federal government coverage at retirement, or because he/she plans to return to his/her home country, where health insurance is provided by the government), what will happen if the participant's HRA account equals or exceeds $700 on December 31?

A: Participants whose HRA balance equals or exceeds $700 on December 31 and who have waived participation in the HCSP account will not have their new contribution posted to either account. They will forfeit their contribution for that year.

22. Q: I want to ensure that my new contribution goes into the HCSP in January. How can I assure that my debit card or on-line claims processing won't also charge my HRA account for any claims I submit late in the year?

A. Check your remaining balance. If your balance equals or exceeds $700, do not file a claim if doing so will bring your balance below that amount.