City of Portland AFSCME 189

HRA Overview

Tax-free money for out-of-pocket healthcare costs

What is the HRA VEBA Plan?

Health Reimbursement Arrangement

Tax-free money for out-of-pocket medical costs

Can be used for spouse and dependents, too

Eligibility and funding sources vary by employer and by employee group

No individual choice (IRS rule)

Group decision—all employees defined as eligible must participate

Plan administrative fees are $1.50 (if claims-eligible) per month, plus an annualized asset-based fee of about 1.00%. The monthly fee is waived if your account balance is more than $5,000. In addition, a 0.25% asset-based fee discount applies to any portion of your account balance in excess of $10,000.

The Need- Rising Healthcare Costs

- *2025 Fidelity Retiree Health Care Cost Estimate for retired couple at age 65
- Estimate includes expenses associated with Medicare Part B and D premiums, prescription drug out-of-pocket expense, and Medicare cost-sharing provisions: copayments, coinsurance, deductibles, and excluded benefits.
- Does not include other health-related expenses, such as over-the-counter medications, most dental services, and long-term care.
- **Spending on health care is projected to increase 5.6% annually through 2032

*https://institutional.fidelity.com/app/literature/item/907163.html

**Centers for Medicare and Medicaid Studies, National Health Expenditures Projections, 2023–2032.

Potential Funding/Impact to Pay

Hourly Wage	Annual Wage	Annual Contribution 1%	Monthly Contribution 1%	Annual Contribution 2%	Monthly Contribution 2%
$26.68	$55,594.40	$555.94	$46.32	$1,111.88	$92.65
$35.00	$72,800.00	$728.00	$60.66	$1,456	$121.33
$40.00	$83,200.00	$832.00	$69.33	$1,664.00	$138.66
$50.00	$104,000.00	$1,040.00	$86.66	$2,080.00	$173.33
$75.88	$157,830.40	$1,578.30	$131.52	$3,156.60	$263.05

To calculate a different wage amount

- Annual wage x 0.01 = Annual contribution total
- Annual contribution total / 12 = monthly contribution amount

To calculate contribution amount per paycheck

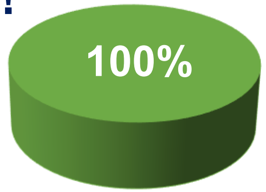
- Annual contribution amount / 26 (number of pay periods)

Note: amount of taxable income reduced by annual contribution amount

Key Benefits

Tax Free—
better than tax deferred

It's all yours!



Exempt from:

- **FICA taxes** (7.65%)
- **Federal income tax** (25%)
- **State tax** - Oregon & Idaho

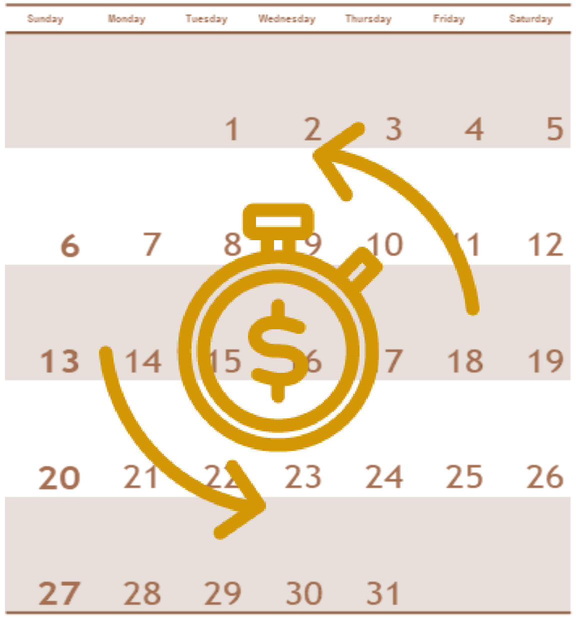
Choose
Your Investments

Are you comfortable making your own investment decisions?

No. → **Option A:** Choose a Pre-Mix

Yes. → **Option B:** Do It Yourself

No "use or lose"



Common Medical Care Expenses

- Deductibles
- Copays
- Prescription drugs
- Vision
- Dental/Orthodontia
- Retiree medical premiums*

Internal Revenue Code § 213(d) defines qualified expenses, in part, as “medical care” amounts paid for insurance or “for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body…” Expenses solely for cosmetic reasons generally are not considered expenses for medical care (e.g. facelifts, hair transplants, hair removal (electrolysis). Expenses that are merely beneficial to your general health, such as gym memberships, are not medical care expenses.

*Before and after age 65. Includes medical, dental, vision, COBRA, Medicare supplement, Medicare Part B and Part D, and qualified long-term care insurance premiums. Premiums deducted pre-tax by an employer through a Section 125 cafeteria plan are not eligible for reimbursement.

Using Your HRA

Online Access	Mobile App HRAgo®	Benefits Card (debit card)	Automatic Premium Reimbursement (APR)
Claims Submit and track	Submit and track your claims	Instantly pay for medical care items and services directly from your HRA	Automatic reimbursement of qualified premiums
Direct deposit sign up / update	Snap pics of supporting documents and submit online	Auto-substantiation of most copays and prescriptions	Direct deposit from your HRA to bank
Request a Benefits Card	Check your balance, view investments, update contact information	Save your supporting documents	No direct payments to insurance companies or providers
Send secure messages and attachments to Customer Care Center			Set up online or submit paper form

Why participate?

- Best possible tax advantage
- Utilize for out-of-pocket medical, vision, and dental expenses while working
- Improve financial wellbeing
- Save for retirement and plan for medical premiums and other costs
- Ease of use
- Unused funds pass on to a beneficiary upon participant's death

"Gold Standard" Service

Industry's best HRA administration and support

- 98% claims processed within three business days
- 99% contributions processed within one business day
- Award-winning customer care based in Spokane, Washington
    - Participant and employer/plan sponsor support
    - 99% first-call resolution
    - 95% calls answered in under 30 seconds

1-888-659-8828

Monday – Friday
8:00 a.m. to 5:00 p.m.

"The representative was amazing and solved my problem much faster than expected!"

"Nothing but great things to say about my call."

"Walked me through the steps in real time!"

"Friendly, knew information immediately."

"Always pleasant, professional, and knowledgeable. Communication is exemplary."

Satisfaction Survey Results

"Excellent" or "Very Good" Overall Ratings

Telephone Service	Claims Processing	Online Participant Portal	Consulting Services
93%	**91%**	**91%**	**99%**

Investment Lineup

Participant-directed options

Investment Options

Option A:
Choose a Pre-Mix

- Single, custom portfolio
- Mix of stocks and bonds
- Professionally managed

Option B:
Do It Yourself

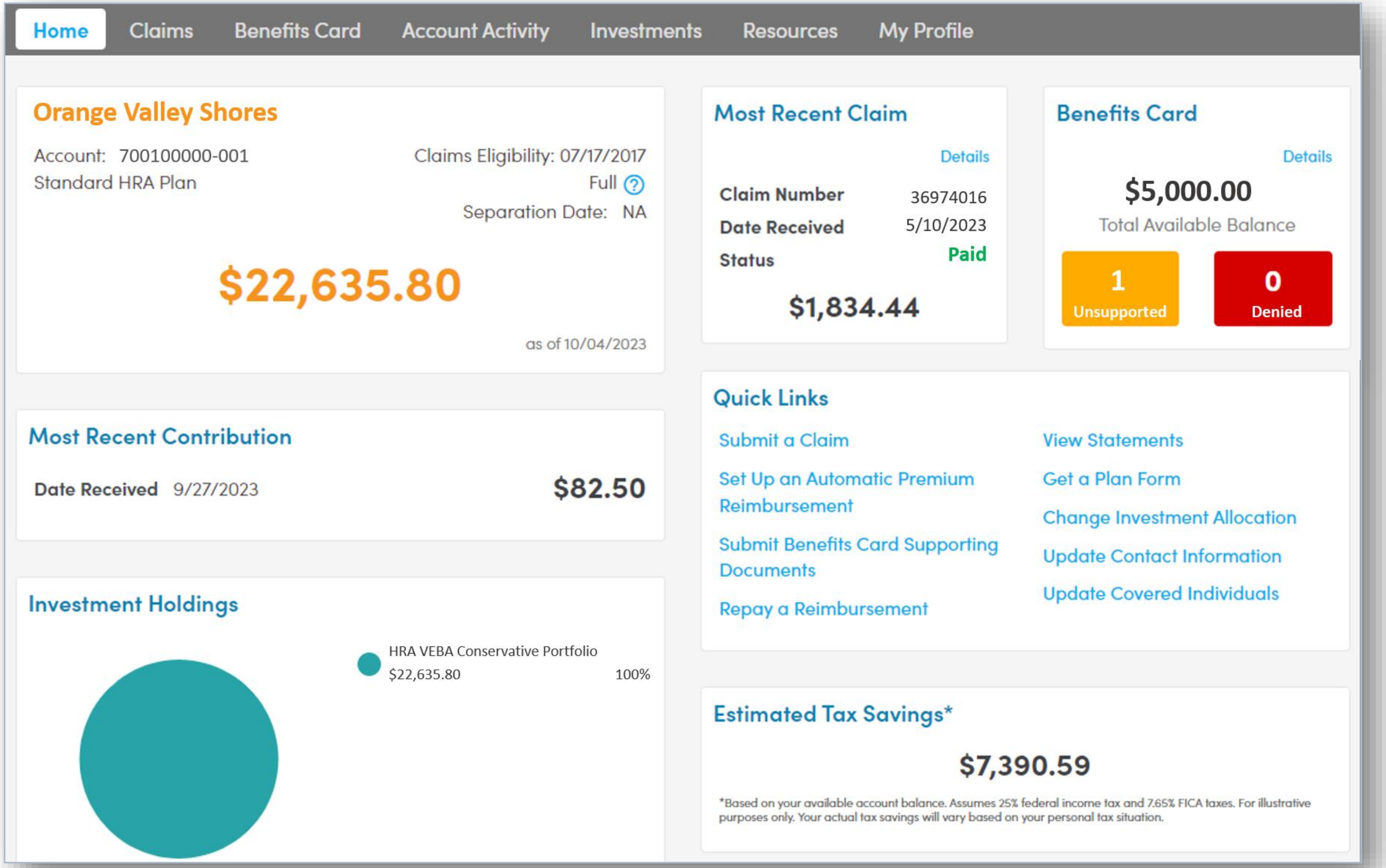
- For those who understand investing
- Choose one or more funds
- Automatic rebalancing available (quarterly or annually)

Default Investment: 100% HRA VEBA Conservative Portfolio

Digital Services

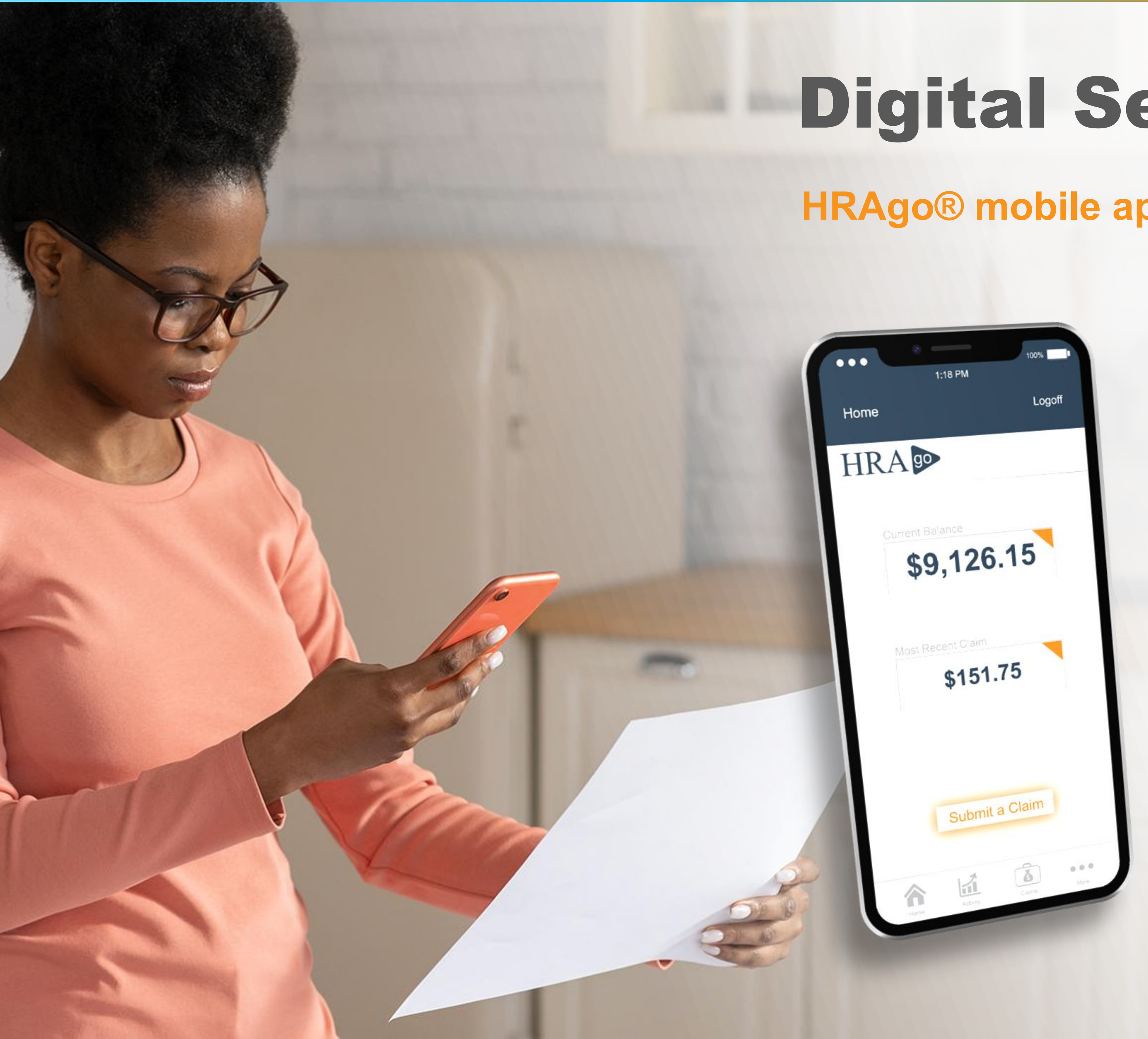
HRA management and utilization easier than ever

Online Dashboard



Digital Services

HRAgo® mobile app



- Stay connected anywhere
- Easily submit claims
- Toggle between accounts

Digital Services

Debit card

- Quickly pay for medical items and services
- Skip submitting documentation (certain transactions)
- Get almost instant mobile app notice when documentation is needed

Key Takeaways

Why HRA VEBA Plan?

HRA VEBA Plan

Don’t settle for less

Proven Track Record

- One of the nation’s first funded HRA programs with 40+ years of experience

Proprietary System

- The first and only platform of its kind for account-based health plans

Best-in-class Technology

- Paperless enrollment, online claims submission, debit cards, and mobile app

Award-winning Customer Care

- Recognized annually as a Center of Excellence since 2015

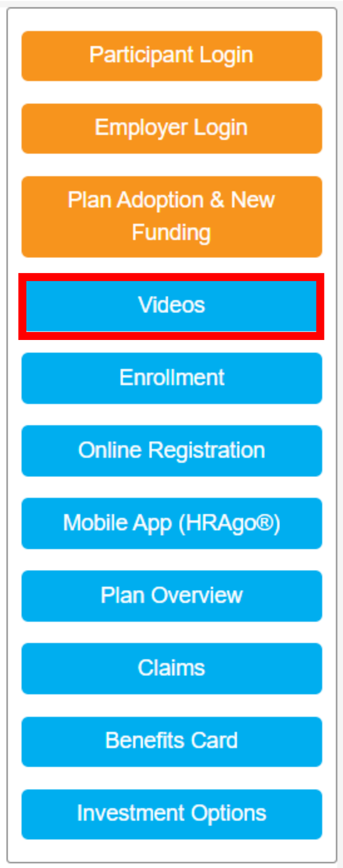
High satisfaction

- Excellent participant and employer survey results

Extended Survivor Benefit

- Unused balances may transfer to non-dependent heirs

Video Library



Videos available

Take some time to click through these short videos. They contain a wealth of information to help you understand and get the most out of your HRA VEBA Plan benefit.

VIDEO LIBRARY

- **Welcome! HRA Overview**
- **Online Registration Instructions**
- **How to File a Claim**
- **Supporting Documentation for Claims *(and Benefits Card transactions)***
- **Using Your Benefits Card**
- **How to Set Up an Automatic Premium Reimbursement**
- **How Your HRA Coordinates with Other Benefits**

Thank You

- Questions- please reach out to AFSCME 189 leadership
- Upcoming Informational Sessions
  - October 30- 11:30-12:30- Zoom
  - November 4- 11:30-12:30- 1900 SW 4th Avenue
  - November 5- 7:00-8:00 pm- Zoom
  - November 12- 11:30-12:30- Zoom
  - November 13- 11:30-12:30- Police or Revenue (TBD)
  - November 19- 11:30-12:30- 1120 SW 5th Avenue