



Lock In Health Care Savings!

**John Alden
Health Reimbursement
Arrangement Plans**



Solid partners, flexible solutions®

*John Alden is a
Fortis Health member company*

JOHN ALDEN HRA PLANS for Small Employer Groups

Here's the Key!

Lower health insurance premiums plus cash flow control and plan design flexibility make John Alden Health Reimbursement Arrangement (HRA) Plans an excellent choice for small employers.

What is a Health Reimbursement Arrangement?

An HRA is a financing mechanism that enables employers to:

- Significantly reduce health insurance premiums.
- Create tax deductions.
- Improve cash flow.
- Meet employee coverage needs.
- Achieve company benefit goals.

HOW AN HRA PLAN WORKS

- A high-deductible health insurance plan is coupled with an HRA set up by the employer.
- Using the HRA, the employer reimburses a portion of each employee's medical expenses – usually by paying for part of the deductible.
- The premium savings realized with the high-deductible plan are often more than enough to completely fund the HRA reimbursements.
- HRA reimbursements are 100% tax deductible.
- HRAs are available to any employer, regardless of the number of employees.
- HRAs do not require pre-funding.



HRA DESIGN

The employer maintains complete control over the HRA design. This flexibility allows the employer to meet a variety of benefit goals and establish greater cash flow control.

The employer chooses the maximum annual reimbursement amount for each employee.

If, for example, the insurance plan includes a \$2,000 deductible, the employer might choose to reimburse up to \$1,000 for each employee. Actual reimbursements may end up being far less, depending on the medical costs incurred by each employee.

The employer decides the order in which HRA reimbursements are made. (See examples at right.)

Option 1 – The employee pays his or her share first, after which the employer's HRA reimbursements are applied.

Option 2 – The employer pays first through HRA reimbursements. The employee then pays his or her share.

Options 3 & 4 – With the “sandwich” option, the deductible is divided into three parts, with either the employer or employee paying the first and last parts.

The employer decides whether or not unused amounts will be carried over from year to year.

The employer may either retain unused HRA amounts at the end of the year or elect to “roll” them over and make them available to employees in the following year. John Alden customers can roll up to 50% of unused amounts, as long as the total is no more than the selected plan deductible.

The employer decides what happens to unused funds should an employee leave the company.

If an employee retires or leaves the company, any fund surplus can either be retained by the employer or remain in the HRA as a continued source for paying qualified medical expenses.

MONEY-SAVING PLAN COMBINATIONS

HRA/FSA Plans

An FSA is an account that can be used in conjunction with an HRA Plan. It allows employees to use tax-free dollars to pay for health care expenses not covered by insurance and for dependent care expenses.

By establishing and using an FSA, employees can lower their taxable income and potentially increase take-home pay. Employers also will realize FICA tax savings.

- The employee specifies a dollar amount to contribute for the year.
- These contributions are deducted from pay using pre-tax dollars.
- The employee may use the FSA money as reimbursement for qualified expenses, tax free.
- The FSA option is available at no additional cost to the employer.

Qualified FSA Expenses

Under the **Health Care** portion of an FSA, employees can pay for deductible, coinsurance and other expenses that are not typically covered by insurance.

The **Dependent Care** portion of an FSA allows employees to pay for child daycare, nursery school and other dependent care expenses up to \$5,000 per year, tax free.

HRA/POP Plans

The Premium Only Plan (POP) option enables employees to pay their health insurance premiums with pre-tax dollars. That adds up to state, federal and FICA tax savings for employees and payroll tax savings for employers.

HRA/MSA Plans

A Medical Savings Account (MSA) is a pre-funded account set up to pay for qualified medical expenses. The result is lower insurance premiums plus the added benefit of an employee-controlled account with funds available for savings, investments, future health care expenses or supplemental retirement income.

HRA/One Deductible Plans

The One Deductible Plan is just that – one deductible for everyone and everything.

- All covered expenses for all insured family members count toward one integrated deductible.
- Even prescription drug costs are included.
- When the one deductible is met, it's met for everyone in the family.
- Afterwards, all covered medical expenses are paid at the plan's established benefit percentage.

Not available in all states.

OPTION 1 – Employee Pays First



OPTION 2 – HRA/Employer Pays First



OPTION 3 – Sandwich Deductible
Employee Pays First



OPTION 4 – Sandwich Deductible
Employer Pays First



EMPLOYEE CHOICE

John Alden's Employee Choice Program allows employers to include multiple plans in one benefit package. For example, employers may choose to purchase a John Alden HRA Plan along with an MSA or traditional plan and allow employees to choose the one that best suits their needs and budget.

Employee Choice also provides remote or satellite office employees with plans and providers in their own local areas. The employer receives one convenient bill for all locations and plans.

Note: Certain restrictions apply.

HRA ADMINISTRATION

John Alden's endorsed HRA administrator is Employee Benefits Corporation (EBC). A nationwide third party administrator since 1989, EBC has a proven track record of delivering exceptional claims and customer service. The advantages of using EBC include:

- Electronic HRA request for reimbursement
- Expert toll-free support
- Easy online access to account information
- Combined billing

Because of a special arrangement between John Alden and EBC, there is no setup or renewal fee charged for EBC's administrative services. Employers will pay a nominal per-month, per-employee charge, which is conveniently included with the regular insurance bill.



THE BENNY CARD

For added convenience, EBC offers the Benny Card™, a MasterCard-based debit card that provides employees with the ability to pay for qualified expenses at the point of purchase.

There are no claim forms or reimbursements necessary. Employees simply present their Benny Card™ and receive first dollar benefits on qualified expenses.

- Reduces paperwork and administrative hassle.
- No up front payments or reimbursements necessary.
- Online tracking of account activity.

The Benny Card™ is free to John Alden's HRA Plan customers. To take advantage of its benefits, employers must fund at least four percent of their annual HRA maximum.

EXCELLENT COVERAGE

John Alden's HRA Plan coverage is pre-packaged to work in concert with the HRA and maximize the employer's potential benefits. Customers will enjoy the security of a top-notch insurance plan that features an assortment of valued benefits.

Insurance Plan Types

John Alden's HRA Plans include the following, where available:

- **Network HRA Plans** include incentives for employees to visit network providers when care is needed. Employees will benefit from negotiated discounts, reduced coinsurance and less out-of-pocket liability if network providers are used. A reduced benefit applies if services are obtained through non-network providers.
- **Classic HRA Plans** offer employees the freedom to receive care from any physician or hospital.

Benefits

John Alden's HRA Plans include all the core benefits, like coverage for physician/professional services, hospital services, urgent care and emergency room visits, outpatient therapies and hospice care. Other features include:

- **Preventive Care Services:** These stay-well benefits include routine physicals, flu vaccinations, prostate exams, occult blood tests, mammograms and Pap tests. Routine nursery and pediatric care and well-child exams to age 3 are also covered under Preventive Care Services.
- **Prescription Drug Options:** Outpatient prescription drug coverage is available with HRA Plans subject to the insurance plan deductible and coinsurance. Or, for added premium savings, employers can opt for the Rx Preferred Pricing Card with no other drug coverage.

Please refer to the enclosed insurance plan highlight grid for a summary of benefits included with John Alden's HRA Plans.

John Alden HRA Plans

NETWORK PLAN BENEFITS / CLASSIC PLAN BENEFITS

	Coverage
Deductible	
■ Family deductible = 2 times individual deductible	\$2,000, \$3,000, \$4,000 or \$5,000
Benefit Percentage	100% or 80%
Physician Services <i>(paid after deductible)</i>	
■ Office visits	Deductible/Coinsurance
■ Urgent care visits <i>(not available in all areas)</i>	Deductible/Coinsurance
■ Emergency room visits	Deductible/Coinsurance
Preventive Care Services <i>(paid after deductible)</i>	
■ Physical exams, well-child care and general wellness, including: mammograms, prostate exams, flu vaccinations and Pap smears	Deductible/Coinsurance
Prescription Drug Options	
■ Option 1	Medical Plan Deductible/Coinsurance + Rx Preferred Pricing Card
■ Option 2	Rx Preferred Pricing Card Only
Hospital Services <i>(paid after deductible)</i>	
■ Physician services	Deductible/Coinsurance
■ Inpatient	Deductible/Coinsurance
■ Surgical procedures, assistant surgeon and anesthesia	Deductible/Coinsurance
■ Outpatient surgical facility	Deductible/Coinsurance
■ Other outpatient charges	Deductible/Coinsurance
■ Newborn nursery and inpatient pediatric care	Coinsurance <i>(deductible waived)</i>
Maternity Benefits <i>(if included in plan)</i>	
■ Prenatal and postnatal care	Deductible/Coinsurance
■ Delivery and facility charges	Deductible/Coinsurance
Other Services <i>(paid after deductible)</i>	
■ Hospice care	100% <i>(deductible waived)</i>
■ Home health care	Deductible/Coinsurance
■ Extended care facility	Deductible/Coinsurance
■ Medical equipment and supplies	Deductible/Coinsurance
■ Outpatient x-ray, lab tests, diagnostic imaging and radiation therapy	Deductible/Coinsurance
Mental Health/Substance Abuse Benefits <i>(paid after deductible)</i>	
■ Inpatient	Deductible/Coinsurance
■ Outpatient	50%

LIMITS

The following types of coverages may be subject to separate limits:

- Extended care facility
- General wellness
- Home health care
- Mental health and substance abuse
- Outpatient therapies
- Physical exams
- Transplant benefits
- Well-child care

NOTES

- The following services are covered after a mastectomy, for which benefits are provided under this plan:
 - Reconstruction of the breast on which the mastectomy was performed.
 - Surgery and reconstruction of the other breast to produce a symmetrical appearance.
 - Prostheses and treatment of physical complications at all stages of mastectomy, including lymphedemas.
- Outpatient mental health/substance abuse coinsurance is not credited to the out-of-pocket limit.
- Certain non-contracted providers, working in association with network providers, are paid at the network benefit level based on usual, customary and reasonable rates. These providers include:
 - Hospital-based radiologists, anesthesiologists, pathologists and emergency room personnel at a network facility.
 - Independent labs used by network physicians in conjunction with an office visit.

NON-NETWORK PROVISIONS

- The non-network benefit percentage for the 100% plan is either 70% or 80%. The non-network benefit percentage for the 80% plan is 60%.
- The non-network out-of-pocket limit is up to current federal limits.
- The deductible applies to the non-network out-of-pocket limit.

This information is only a summary. The plan certificate includes complete details on all insurance plan benefits, limitations and exclusions and is the governing document in case of discrepancies.



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Not all plan provisions or options are available in all states. In addition, some states require modifications to the benefits described here. John Alden plans comply with applicable state laws.

John Alden products are presented by **North Star Marketing**, www.nstarmarketing.com.

OTHER BENEFITS

(availability varies by state)

Life Insurance

The basic Life Insurance included with John Alden plans can be upgraded in increments of \$5,000. In addition, six different Dependent Life options are available.

Dental Insurance

John Alden Dental is a popular addition to any employee benefit program. Available at a discount when purchased with medical coverage, John Alden Dental is designed especially for small employers with at least three covered employees. John Alden Dental can also be purchased as a stand-alone product.

Supplemental Accident Benefit

This benefit pays the first \$1,000 of covered charges due to accidental injuries. (Not available with all plans.)

Short Term Disability Benefits

Coverage is available up to a maximum amount of \$1,500 per week.

CONFIDENCE AND STABILITY

John Alden offers health insurance solutions to fit every need and budget. Founded in 1961, John Alden has built a solid reputation with both its customers and agents. As a Fortis Health member company, John Alden is backed by more than 110 years of experience and stability. Fortis Health is one of the largest independent companies in the United States devoted exclusively to serving the small business and individual health insurance markets.

