

Starmark HRA An Informational Guide For Employers

A More Flexible Benefit Program

The Starmark HRA gives you the flexibility you need to design your employee benefit program and control your cash flow. Fund setup can be customized to reimburse deductible only, coinsurance only or both, to meet your company's business goals.

Seamless. Innovative. Bottom-line friendly.

What is an HRA?

A health reimbursement arrangement*, or HRA, is set up and funded by you to help your employees pay for expenses eligible for reimbursement, meet their deductible and/or coinsurance and get them more engaged in their healthcare decisions.

An HRA can be paired with any health plan, and you can achieve lower premiums when you combine it with a higher-deductible health plan. The HRA pays for expenses as they are incurred, depending on the type of HRA you select. If employees elect to have benefits assigned to the provider, Starmark will pay the provider directly. If employees pay for services, Starmark will pay employees directly.

HRA Advantages

- Premium savings when paired with a higher-deductible health plan.
- Expenses paid from HRAs are 100 percent tax deductible.
- HRAs do not need to be prefunded.
- HRAs are not portable to employees' new place of employment.
- You decide:
 - Who pays healthcare expenses first: you through the HRA or your employees
 - The annual amount available to your employees
 - Which expenses to reimburse through the HRA
 - Whether or not to retain or roll over funds remaining at the end of the year

How does the Starmark HRA work?

A key advantage of an HRA is that it is funded as claims are filed. So, rather than a large sum being deposited into the HRA at the beginning of the year, you provide funds to cover withdrawals only as they occur, putting you more in control of your cash flow.

You also determine which expenses will be reimbursed through the HRA – only those applying to the deductible, only those applying to coinsurance or those applying to both the deductible and coinsurance, and whether to cover both in- and out-of-network expenses or in-network only. Plus, you select whether to include an individual deductible cap, or allow aggregate deductible accrual for the member and/or his or her dependents.

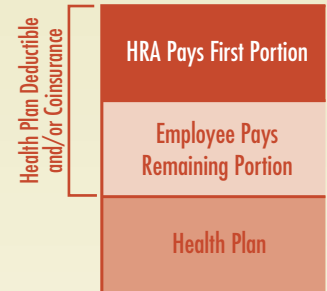
*Sole proprietors and partners of a partnership (including LLP and LLC members taxed as a partnership), and 2 percent shareholders in a subchapter S corporation, their spouses and lineal ascendants and descendants, are not eligible to participate in the HRA.

HRA Options

Starmark offers three reimbursement options.

1. The Advance HRA

The Advance HRA pays expenses eligible for reimbursement first, and the employee covers the remaining portion of the deductible and/or coinsurance.



The Advance HRA in Action

Because the HRA covers the first part of the deductible and/or coinsurance, employees may be encouraged to plan and spend more carefully to minimize their own healthcare costs.

While the Advance HRA gives employees some time to budget for needed services, this more gradual approach may not engage them as quickly as the Bridge HRA, which requires them to cover the first part of the deductible and/or coinsurance.

Advance HRA Example

The Ideal Candidate

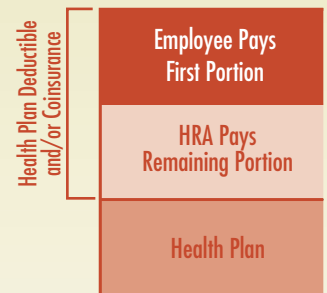
A company with a current plan deductible of less than \$1,000.

Desired Health Plan Change: Add \$500 to \$1,000 to the deductible; remove all copays.

Suggested Solution: Choose the Advance HRA to help offset the larger deductible.

2. The Bridge HRA

The Bridge HRA pays expenses eligible for reimbursement after the employee covers a set part of the deductible and/or coinsurance.



The Bridge HRA in Action

Because employees cover the first part of the deductible and/or coinsurance, they learn the actual cost of healthcare services and are engaged immediately in their own spending. While this initial employee responsibility may lead to resistance, the Bridge HRA may actually look familiar to employees who have previously had a healthcare plan with a deductible.

Bridge HRA Example

The Ideal Candidate

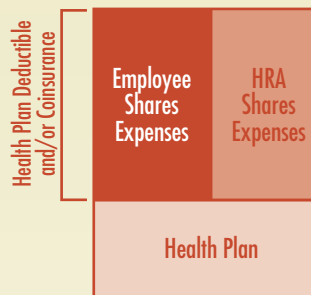
A company that wants to transition to a consumer-directed healthcare plan.

Desired Health Plan Change: Choose a deductible \$500 to \$1,000 higher than the previous deductible, while retaining a prescription drug card.

Suggested Solution: A Bridge HRA that funds 50 percent of the deductible.

3. The Shared HRA

The Shared HRA shares expenses eligible for reimbursement with the employee for each medical claim that applies to the deductible and/or coinsurance. You decide the percentage of the split.



The Shared HRA in Action

The Shared HRA has some of the same advantages as the Bridge HRA. Employees see the actual cost of healthcare services and begin covering a portion of them right away. Sharing expenses 50/50, for example, may foster a "we're in this together" attitude.

The Ideal Candidate

A company that wants to eliminate copays and expose employees to the full cost of healthcare, but is willing to share the burden of that cost.

Desired Health Plan Change: Choose a qualified high-deductible health plan, with a deductible of \$2,000 and the Price Assurance Program.

Suggested Solution: Choose the Shared HRA to share the employees' costs and engage employees immediately.

Additional HRA Options Promote Employee Engagement

Preventive Care Services

You may select Preventive Care Plus as part of your health plan. This encourages employees to be more proactive about their health without having to tap into their own funds. Healthy employees typically mean fewer claims through the HRA. Any amount that exceeds the preventive benefit will be paid according to the HRA selection you made.

If, however, you choose not to select Preventive Care Plus, you may experience premium savings, and any preventive services will be paid under the deductible and coinsurance according to the HRA selection you made.

Starmark Online

Healthy Foundations®: Empowering Employees

Healthy Foundations is a powerful online suite of tools that empowers and informs employees. It's easy to use, and above all, it encourages employees to become informed healthcare consumers. It features:

- Access to HRA activity
- A needs and readiness assessment
- Health risk appraisals, and online health tracking and coaching
- Prescription price comparisons for many chronic conditions
- Medical treatment and hospital cost comparisons

For more information and a demonstration of the capabilities and benefits of Healthy Foundations, visit the Healthy Foundations page at www.starmarkinc.com.

Resources at www.starmarkinc.com

Plus, you and your employees can visit the Employer and Member sections of the website to access numerous useful tools.



Why Starmark?

Small business is our only business. For more than 20 years, Starmark's sole focus has been serving small businesses.

Flexible benefits, tailored to fit. Starmark offers a wide range of benefit plans employers can customize to their needs and budget, including HSA-friendly plans and dual plan designs.

Backed by Trustmark. Trustmark is rated A- (Excellent) by A.M. Best and A- (Strong) by Fitch Ratings. Trustmark Life Insurance Company, a subsidiary of Trustmark Mutual Holding Company, insures the fully insured plans and provides stop-loss insurance for the self-funded plans in the Starmark portfolio. Trustmark Mutual Holding Company has assets of more than \$1.7 billion.

Starmark's sole focus is providing a flexible healthcare benefits portfolio and unparalleled personal service to small businesses. By offering HSA-compatible health plans and nationwide network access, plus cutting-edge resources such as seamless HRA administration, easy and innovative paperless employee enrollment and valuable online healthcare decision support tools, Starmark continues to be a distinguished leader in small group healthcare benefits.



Fully insured plans are administered by Starmark and insured by Trustmark Life Insurance Company.

Self-funded plans are administered by Starmark, and stop-loss insurance is provided by Trustmark Life Insurance Company. Plan availability and/or coverage may vary by state.

400 Field Drive • Lake Forest, Illinois 60045-2581 • www.starmarkinc.com