

HLTC
Individual Coverage HRA Model Notice
Effective January 1, 2020

You are getting this notice because your employer, HLTC, is offering you an individual coverage health reimbursement arrangement (HRA). Please read this notice before you decide whether to accept the HRA. In some circumstances, your decision could affect your eligibility for the premium tax credit. Accepting the individual coverage HRA and improperly claiming the premium tax credit could result in tax liability.

This notice also has important information that the Exchange (known in many states as the “Health Insurance Marketplace”) will need to determine if you are eligible for advance payments of the premium tax credit. An Exchange operates in each state to help individuals and families shop for and enroll in individual health insurance coverage.

You may also need this notice to verify that you are eligible for a special enrollment period to enroll in individual health insurance coverage outside of the annual open enrollment period in the individual market.

NOTE: Your HRA is established pursuant to a Summary Plan Description that you will find at http://www.healthonellc.com/healthone_022.htm. You can also request a copy by contacting the Plan Administrator at 706-712-0590. The HRA is administered in accordance with the Summary Plan Description. If there is a conflict between this notice and the Summary Plan Description, the Summary Plan Description will control.

I. The Basics

What should I do with this notice?

Read this notice to help you decide if you want to accept the HRA. Also, keep this notice for your records. You’ll need to refer to it if you decide to accept the HRA and enroll in individual health insurance coverage, or if you turn down the HRA and claim the premium tax credit on your federal income tax return.

What’s an individual coverage HRA?

An individual coverage HRA is an arrangement established by HRA to reimburse you for your medical care expenses (and sometimes your family members’ medical care expenses), up to a certain dollar amount for the plan year. If you enroll in an individual coverage HRA, you must also be enrolled in individual health insurance coverage or Medicare Part A (Hospital Insurance) and B (Medical Insurance) or Medicare Part C (Medicare Advantage) (collectively referred to in this notice as Medicare) for each month you are covered by the HRA. If your family members are covered by the HRA, they must also be enrolled in individual health insurance coverage or Medicare for each month they are covered by the HRA. You will find additional information regarding eligible medical expenses in the Summary Plan Description and at http://www.healthonellc.com/healthone_022.htm.

The HRA you are being offered to help pay for individual coverage or Medicare premiums is employer-sponsored health coverage that provides “minimum essential coverage”. This is important to know if you apply for health insurance coverage on the Exchange.

What are the basic terms of the individual coverage HRA that HLTC is offering?

- You are generally eligible for this HRA if you are an employee of HLTC and you are enrolled in individual coverage or Medicare. The maximum dollar amount available for each participant in the HRA will vary based on whether you are a part-time employee or full-time employee. Full-time employees are defined as employees who are scheduled to work 30 hours or more each week. The maximum amount will also vary if you enroll only yourself or yourself and your

eligible dependents. Last, the maximum amount will vary based on your age as of your coverage effective date for the Plan Year. For more information on the maximum contribution amounts and how the amounts are allocated each month, see

http://www.healthonellc.com/healthone_022.htm.

- Your spouse and your children under age 26 are eligible for the HRA. NOTE: Your spouse who is eligible for other group health coverage that provides minimum essential coverage (e.g. coverage from the spouse's employer's plan) is not eligible for the Plan.
- In general, your HRA coverage will start *January 1 if you timely and properly enroll during the annual enrollment period*. However, if you become eligible for the HRA during the plan year, and you timely enroll during your initial enrollment period, your HRA coverage will generally start on the 1st day of the month following 30 days of employment (or the effective date of the individual coverage, if later).
- The HRA plan year begins on January 1 and ends on December 31. The first plan year begins January 1, 2020.
- The monthly HRA contribution will be made available on first day of each month that you are covered under the HRA. Any unused amounts will rollover from month to month; however, any amounts not used for expenses incurred during the plan year will be forfeited.

Note: You will need this information if you apply for health insurance coverage through the Exchange.

Can I opt out of the individual coverage HRA?

Yes. You can opt out of the HRA for yourself (and your family members, if applicable) during the annual or initial enrollment period. Any such affirmative waiver of coverage is irrevocable during the plan year. Also, you will lose coverage under the HRA at the end of the month in which you terminate employment or otherwise cease to be eligible.

If I accept the individual coverage HRA do I need to be enrolled in other health coverage too?

Yes. You (and your family members, if applicable) must be enrolled in individual health insurance coverage or Medicare for each month you (or your family members) are covered by the HRA. You may not enroll in short-term, limited-duration insurance or only in excepted benefits coverage (such as insurance that only provides benefits for dental and vision care) to meet this requirement.

II. Getting Individual Health Insurance Coverage How can I get individual health insurance coverage?

If you already have individual health insurance coverage, you do not need to change that coverage to meet the HRA's health coverage requirement. If you don't already have individual health insurance coverage, you can enroll in coverage through the Exchange or outside of the Exchange – for example, directly from an insurance company. Go to http://www.healthonellc.com/healthone_022.htm for information regarding assistance enrolling in individual health coverage.

Note: People in most states use HealthCare.gov to enroll in coverage through the Exchange, but some states have their own Exchange. To learn more about the Exchange in your state, visit <https://www.healthcare.gov/marketplace-in-your-state/>.

If you are enrolled in Medicare Part A and B or Medicare Part C, your enrollment in Medicare will meet the HRA's health coverage requirement. For information on how to enroll in Medicare, visit www.medicare.gov/sign-up-change-plans.

When can I enroll in individual health insurance coverage?

Generally, anyone can enroll in or change their individual health insurance coverage during the individual market's annual open enrollment period from November 1 through December 15. (Some state Exchanges may provide additional time to enroll.) If your individual coverage HRA starts on January 1, you (and your family members, if applicable), generally should enroll in individual health insurance coverage during open enrollment.

In certain circumstances, such as when you are newly hired during the HRA plan year or you gain eligible dependents through birth or marriage, you (and your family members, if applicable) can enroll in individual health insurance coverage outside of open enrollment using a special enrollment period. If you qualify for a special enrollment period, make sure you enroll on time. Although you have 60 days to enroll in individual coverage following a special enrollment event, you only have 30 days to enroll in the Plan. If you request enrollment during this special enrollment period, coverage will generally be effective on the 1st day of the month following your request or the date the individual coverage is effective, if later (except in the case of birth where coverage is generally effective on the date of the birth).

Note: If you enroll in individual health insurance coverage through this special enrollment period, you may need to submit a copy of this notice to the Exchange or the insurance company to prove that you qualify to enroll outside of the open enrollment period. For more information on special enrollment periods, visit HealthCare.gov or the website for the Exchange in your state.

Do I need to get new individual health insurance coverage each year if I want to enroll in my individual coverage HRA each year?

Yes. Individual health insurance coverage is typically sold for a 12-month period that is the same as the calendar year and ends on December 31. If your HRA starts on January 1, you will either need to get new individual health insurance coverage or re-enroll in your individual health insurance coverage. If you are enrolled in Medicare, your Medicare coverage generally will remain in place year to year.

Do I need to substantiate my (and my family member's) enrollment in individual health insurance coverage or Medicare to the individual coverage HRA?

Yes. You must substantiate that you (and your family members, if applicable) will be enrolled in individual health insurance coverage or Medicare for the period you will be covered by the HRA. Also, each time you seek reimbursement of a medical care expense from the HRA, you must substantiate that you had (or have) (or the family member whose medical care expense you are seeking reimbursement for, if applicable had (or has)) individual health insurance coverage or Medicare for the month during which the expense was incurred. You can access the required substantiation forms at

http://www.healthonellc.com/healthone_022.htm.

What happens if I am (or one of my family members is) no longer enrolled in individual health insurance coverage or Medicare?

If you (or a family member, if applicable) are no longer enrolled in individual health insurance coverage or Medicare, your coverage under the HRA will end and the HRA won't reimburse you for medical care expenses that were incurred during a month when you (or your family member, as applicable) did not have individual health insurance coverage or Medicare. This means that you may not seek reimbursement for medical care expenses incurred when you (or your family member, if applicable) did not have individual health insurance coverage or Medicare.

Note: You must report to the HRA if your (or your family member's) individual health insurance coverage or Medicare has been terminated retroactively and the effective date of the termination.

III. Information About the Premium Tax Credit

What is the premium tax credit?

The premium tax credit is a tax credit that helps eligible individuals and their families pay their premiums for health insurance coverage purchased through the Exchange. The premium tax credit is not available for health insurance coverage purchased outside of the Exchange. Factors that affect premium tax credit eligibility include enrollment in Exchange coverage, eligibility for other types of coverage, and household income.

When you enroll in health insurance coverage through the Exchange, the Exchange will ask you about any coverage offered to you by your employer, including through an HRA. Your ability to claim the premium tax credit may be limited if your employer offers you coverage, including an HRA.

The Exchange also will determine whether you are eligible for advance payments of the premium tax credit, which are amounts paid directly to your insurance company to lower the cost of your premiums. For more information about the premium tax credit, including advance payments of the premium tax credit and premium tax credit eligibility requirements, see irs.gov/aca.

If I accept the individual coverage HRA, can I claim the premium tax credit for my Exchange coverage?

No. You may not claim the premium tax credit for your Exchange coverage for any month you are covered by the HRA. Also, you may not claim the premium tax credit for the Exchange coverage of any family members for any month they are covered by the HRA.

If I opt out of the individual coverage HRA, can I claim the premium tax credit for my Exchange coverage?

It depends. If you opt out of the HRA and the HRA is considered unaffordable you may claim the premium tax credit for yourself and any family members enrolled in Exchange coverage if you are otherwise eligible.

If you opt out of the HRA and the HRA is considered affordable, you may not claim the premium tax credit for yourself or any family members.

NOTE: We reasonably believe that the coverage is affordable; therefore, we do not believe that you will qualify for the credit even if you opt out of the coverage.

How do I know if the individual coverage HRA I've been offered is considered affordable?

The Exchange website will provide information on how to determine affordability for your individual coverage HRA. To find your state's Exchange, visit: <https://www.healthcare.gov/marketplace-in-your-state/>.

Do I need to provide any of the information in this notice to the Exchange?

Yes. Be sure to have this notice with you when you apply for coverage on the Exchange. If you're applying for advance payments of the premium tax credit, you'll need to provide information from the answer to "What are the basic terms of the individual coverage HRA my employer is offering?" earlier in this notice. You will also need to tell the Exchange whether you are a current employee or former employee.

If I'm enrolled in Medicare, am I eligible for the premium tax credit?

No. If you have Medicare, you aren't eligible for the premium tax credit for any Exchange coverage you may have.

IV. Other Information You Should Know

Who can I contact if I have questions about the individual coverage HRA?

You can contact the Plan Administrator of the HRA at 706-712-0590 or by email at bpack@hchs.org. You may also contact the third-party administrator, Health One. You will find contact information for HealthOne at

http://www.healthonellc.com/healthone_022.htm.

Is the individual health insurance coverage I pay for with my individual coverage HRA subject to ERISA?

The individual health insurance coverage that is paid for with amounts from your individual coverage HRA, if any, is not subject to the rules and consumer protections of the Employee Retirement Income Security Act (ERISA). You should contact your state insurance department for more information regarding your rights and responsibilities if you purchase individual health insurance coverage.