



Save Tax. Keep More.

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Health reimbursement arrangements for public employees in Washington



Presented by



Gallagher VEBA  
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# Topics

- **Growing cost of retiree health care**
- **What is the VEBA MEP?**
  - Tax advantages; key benefits; plan designs
  - Getting money in; getting money out
  - Investment options
- **VEBA Trust snapshot**
- **Service Enhancements**



# Retiree Medical Premiums

## How much will you spend on health care during retirement?

If you retire today at:

Projected cost of retiree medical premiums\*:

Age 55 .....\$368,000

Age 60 .....\$294,000

Age 65 .....\$199,000

\*These projections are based on current average PEBB-sponsored retiree medical premium amounts for public retirees in Washington. The basic assumptions are: (1) employee and spouse retire at age 55, 60, or 65 and live to age 84; (2) both parties enroll in a PEBB-sponsored retiree medical plan (\$1,125/month current average); (3) reduced PEBB retiree medical premium at age 65 for both parties after becoming eligible for Medicare (\$351/month current average); and (4) annual inflation of 5% for PEBB retiree medical premiums.

# How will you pay for it?

## Common money sources during retirement:

- 457  
- 403(b)  
- IRA  
- HSA

Other  
savings

- Pension  
- Social  
Security

VEBA  
MEP



# What is the VEBA MEP?

## Health Reimbursement Arrangement

- “Account-based” group health plan
- Funded by employer
- Tax-free money for future healthcare costs
- Reimburses expenses after you retire\*
- Often called “VEBA”
  - Assets held in a voluntary employees’ beneficiary association (VEBA) trust



\* If you become re-employed in any capacity by the employer that made contributions to your post-separation account, you will not be eligible to file claims to that account for expenses you incur while re-employed.

# “Win-win” Tax Advantage

Form **1040** Department of the Treasury—Internal Revenue Service **20**  
**U.S. Individual Income Tax Return**  
For the year Jan. 1–Dec. 31, 2007, or other tax year beginning on 12/31/07  
Label Your first name and initial



Employees and employers

**Pay No Tax**

one box. and full name here. ▶

**Exemptions**

6a  Yourself. If someone can claim you as a dependent, you cannot claim an exemption for yourself.

b  Spouse

c Dependents:

(1) First name Last name



# Key Benefits

## You...

...pay no tax

...can use your account anytime  
(after becoming claims-eligible)

...do not have to be covered under a  
high-deductible health plan (HDHP)

...choose your investments



# Key Benefits

## Your...

...unused balance carries over  
(no annual “use-it-or-lose-it”)

...legal spouse and qualified  
dependents are covered  
(even if you pass away)



# Getting Money In (Contributions)

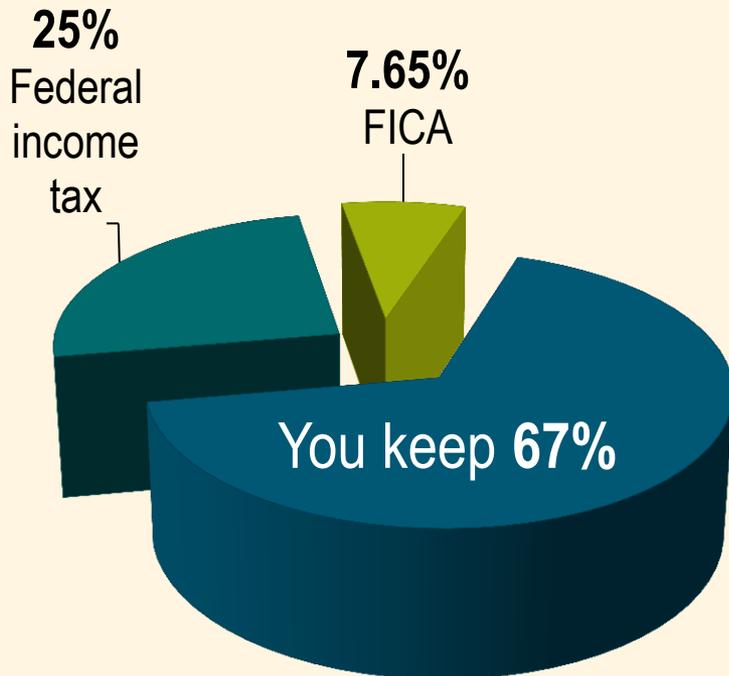
## Compensable unused sick leave cash-out contributions at retirement

- No individual choice; all employee group members defined as eligible must participate per IRS rules



# Save Tax. Keep More.

## WITHOUT VEBA:



## WITH VEBA:



Tax-free – *better than tax-deferred.*

# Investment Options

## Which option is right for you?

Are you comfortable making your own investment decisions?

NO

**Option A:**  
Choose a pre-mix

- Pre-mixed portfolios
- Professionally managed

YES

**Option B:**  
Do-it-yourself

- Individual asset classes
- Build your own portfolio



# Getting Money Out (Claims)



## Who's covered?

- You
- Legal spouse
- Qualified dependent(s)



## Expenses

- Deductibles
- Copays
- Prescriptions



## Premiums

- Medical, dental, vision
- Long-term care
- Medicare plans

NOTE: Premiums deducted pre-tax by an employer through a Section 125 cafeteria plan are not eligible for reimbursement.

# Submitting Claims

**Claim Form**  
 Skip this form! Log in at [veba.org](http://veba.org) and submit your expenses and documentation online.  
 Read instructions and helpful information on reverse. Use a separate form for each covered individual.  
 SUBMIT COMPLETED FORM TO:  
 claims@veba.org | Fax: (206) 577-3020 | VEBA Plan, PO Box 80587, Seattle, WA 98108

**1 PARTICIPANT ACCOUNT AND CONTACT INFORMATION**  
 If you have more than one claims-eligible account, enter the participant account number of the account from which you want to be reimbursed. Otherwise, your claim will be reimbursed from the account with the earliest claims-eligibility date.

ACCOUNT NUMBER or SSN \_\_\_\_\_ DATE OF BIRTH MM/DD/YYYY \_\_\_\_\_  
 LAST NAME \_\_\_\_\_ M.I. \_\_\_\_\_  
 FIRST NAME \_\_\_\_\_  
 CHECK HERE IF YOUR PHONE NUMBER, EMAIL, OR MAILING ADDRESS HAS CHANGED. PLEASE PROVIDE UPDATES BELOW:  
 AREA CODE and PHONE NUMBER \_\_\_\_\_ EMAIL ADDRESS (use home or personal email address) \_\_\_\_\_  
 MAILING ADDRESS \_\_\_\_\_ CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

HAVE YOU PREVIOUSLY SEPARATED OR RETIRED FROM THE EMPLOYER THAT MADE/IS MAKING CONTRIBUTIONS TO THIS ACCOUNT?  
 YES \_\_\_\_\_ DATE OF SEPARATION OR RETIREMENT MM/DD/YYYY \_\_\_\_\_  
 NO \_\_\_\_\_ EMPLOYER NAME \_\_\_\_\_

E-COMMUNICATION:  
 Please check the box and enter your email address in the update box at the left to receive statements, newsletters, EOBs, and notices electronically. Read details on reverse.

**2 REQUIRED PARTICIPANT SIGNATURE AND CERTIFICATION**  
 I hereby certify that (1) the information provided in this claim request is true and correct; (2) the amount of this submitted claim is an accurate statement of my (a) unreimbursed medical/dental/vision expenses after payment by insurance (if any) and/or (b) medical/dental/vision/tax-qualified long-term care insurance premiums; and (3) the submitted claim is not reimbursable from any other source. With respect to claims submitted on behalf of qualified dependents, I hereby certify that such person meets the Plan requirements as summarized on the reverse and is a qualified dependent as defined under the terms of the Plan. With respect to claims for qualified insurance premiums, I hereby certify that such premiums have not been paid by an employer, and are not eligible for pre-tax deduction through my employer's section 125 cafeteria plan. I acknowledge and agree that any claim submitted fraudulently could result in my termination from the Plan and/or other legal action.  
 Post-separation HRA Plan Participants Required Certification: If this claim is to be reimbursed from a Post-separation HRA Plan account, check the box to certify that you were not employed (or re-employed) by the employer that made or is making contributions to your account on the date any of the following medical care expenses were incurred. Failure to provide this required certification will cause your claim reimbursement to be delayed or denied.

PARTICIPANT SIGNATURE \_\_\_\_\_ DATE MM/DD/YYYY \_\_\_\_\_ PHONE NUMBER (WHERE I CAN BE REACHED) \_\_\_\_\_

**3 PATIENT INFORMATION (COVERED INDIVIDUAL)**  
 THIS CLAIM IS FOR:  Myself  Qualifying Child  
 Legal spouse  Qualifying Relative  
 Other \_\_\_\_\_

LAST NAME \_\_\_\_\_ M.I. \_\_\_\_\_  
 FIRST NAME \_\_\_\_\_  
 Male  Female DATE OF BIRTH MM/DD/YYYY \_\_\_\_\_ SOCIAL SECURITY NUMBER \_\_\_\_\_

**THIS INFORMATION IS REQUIRED BY FEDERAL LAW:**  
 IS THIS PERSON CURRENTLY, OR HAVE THEY EVER BEEN, ENROLLED IN MEDICARE PART A OR PART B?  YES  NO  
 NAME EXACTLY AS IT APPEARS ON SOCIAL SECURITY CARD or MEDICARE CARD \_\_\_\_\_  
 MEDICARE ID NUMBER (HICN) \_\_\_\_\_ PART A EFFECTIVE DATE \_\_\_\_\_ PART B EFFECTIVE DATE \_\_\_\_\_

**4 REIMBURSEMENT REQUEST FOR QUALIFIED OUT-OF-POCKET EXPENSES**  
 REMINDER: You must include proof of each expense (e.g. Explanation of Benefits (EOB), detailed receipts, etc.). Claims for employee-paid premiums deducted after tax require a letter from the employer confirming that no pre-tax option exists.

DATE OF SERVICE	SERVICE PROVIDER or ITEM PURCHASED FROM	TYPE OF SERVICE or ITEM (Office visit, Rx, Dental, etc.)	AMOUNT YOU PAID
1 _____	_____	_____	\$ _____
2 _____	_____	_____	\$ _____
3 _____	_____	_____	\$ _____
4 _____	_____	_____	\$ _____
Please add up your expenses to verify the total.			Total Reimbursement Request \$ _____

HAVE MORE EXPENSES? Include an itemized list on a separate sheet of paper.  
 Important information and helpful tips on reverse ▶  
 VPP01 (12/14 PRC)

QUESTIONS? 1-888-828-4953 | [customercare@veba.org](mailto:customercare@veba.org) | [veba.org](http://veba.org)

- Submit claims:
  - Online (after logging in)
  - HRAGO mobile app
  - Paper form (mail, fax, or email)
- Read **How to File a Claim** available online after logging in at **veba.org**
- Direct deposit available and recommended
- Five to seven business days to process

# Automatic Premium Reimbursements



- ✓ Set up an automatic premium reimbursement online after logging in at **veba.org**, or submit an Automatic Premium Reimbursement form
- ✓ Provides reimbursement to participants for qualified premiums only
- ✓ No direct payments to insurance companies or providers

# Coordination of Benefits

**Health  
Savings  
Account  
(HSA)**

Are you making or receiving contributions to an HSA?



# Premium Tax Credit

If you are considering purchasing insurance coverage through a marketplace exchange



Read the **Facts About Premium Tax Credit Eligibility** handout available online (log in and click **Resources**) or upon request from the customer care center

[www.irs.gov/uac/The-Premium-Tax-Credit](http://www.irs.gov/uac/The-Premium-Tax-Credit)

The Premium Tax Credit



HealthCare.gov



# Online (electronic) Services

Online participant account access

24-hour account access

Direct deposit

Faster, more convenient than paper checks

Sign-up when you enroll or online

e-Communication

Quarterly e-statement notices;  
*Participant News*

EOB notices

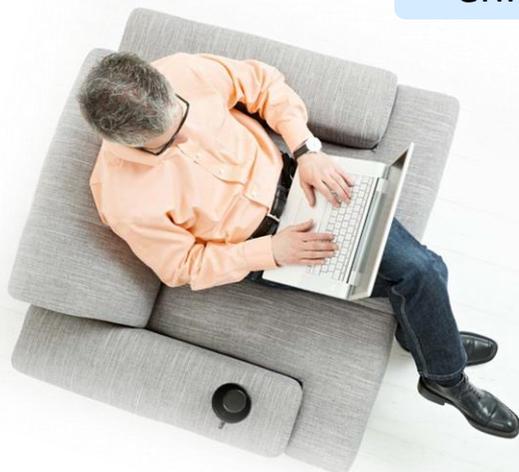
Sign-up when you enroll or online

Electronic Claims Submission

Online after logging in

HRago mobile app

Debit Card  
(summer 2015)



[veba.org](http://veba.org)

# VEBA Trust Snapshot

- **Non-profit, tax-exempt**
  - Created in 1984
  - Managed by board of trustees
- **\$250 million in assets**
- **50,000 participants; 400+ employers**
- **Plan administrative fees**
  - \$1.50 per month\* (if claims-eligible), plus
  - 1.25% (+/-) annualized, asset-based
  - Expenses include: claims processing, account administration, local service, printing, postage, consulting, legal, auditing
- **HRAs are health plans—not retirement plans**



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\*This is a monthly per-participant fee for claims-eligible participants; the fee is \$1.25 for non-claims-eligible participants. To the extent permitted or required by law, certain fees, taxes or other assessments payable to the federal government under health care reform may also be deducted from participant accounts.

# Service Providers



# Customer Care Center

- Located in Spokane
- Participant questions
  - Claims
  - Automatic premium reimbursements
  - Account activity
  - Address changes
  - Etc.

**1-888-828-4953**



# New Employer Services

- **Enhanced Participant Enrollment Process**
  - Online enrollment – skip the paper!
  - Track employees who have not enrolled
- **Contribution Reports**
  - Use HRMS
  - Other options available
  - Past contribution reports available



# Online Employer Portal

[Home](#) [Contributions](#) [Deposits](#) [Participants](#) [Reports](#) [Accounts](#) [Resources](#)

### Total Assets

**\$210,338.60** [Details](#)

as of 04/23/2015

### Unapplied Deposits

**\$0.00**

as of 04/24/2015

### Most Recent Contribution Report

**\$106.19** [Details](#)

Received on 02/26/2015

### Quick Links

<a href="#">Create a Contribution Report</a>	<a href="#">Enter Participant Eligibility Data</a>
<a href="#">View Deposit Activity</a>	<a href="#">Process Participant Status Change</a>
<a href="#">View Reports</a>	<a href="#">View Participant Roster</a>

### Welcome!

Your VEBA Plan's claims processing and administration are now **back in the Northwest**. If you need assistance, contact the new employer help desk at [employercare@veba.org](mailto:employercare@veba.org) or 1-888-828-4953.



### Participant Statistics

 Total Participant Roster <b>42</b>	 Enrolled in Last 30 Days <b>0</b>
 Total Enrolled <b>42</b>	 Unallocated Contributions <b>0</b>
 Total Not Enrolled <b>0</b>	

#### Contributions

- [Create a Contribution Report](#)
- [Resume a Draft Contribution Report](#)
- [Contribution Report Search](#)

#### Deposits

- [Unallocated Cash](#)
- [Deposit Activity](#)

#### Accounts

- [Account Activity](#)
- [Investments](#)

#### Participants

- [Enter Eligibility Data](#)
- [Upload an Eligibility File](#)
- [Process a Status Change](#)
- [Participant Roster](#)

#### Reports

- [Participant Roster Report](#)
- [Employer Report](#)

#### Resources

- [Excel Templates](#)
- [Plan Administration](#)
- [Plan Literature and Information](#)
- [Participant Forms](#)
- [Employer News](#)

# Online Employer Portal

- **Participants**

Home Contributions Deposits **Participants** Reports Accounts Resources

**Actions** ?

- Enter Participant Eligibility Data
- Upload a Participant Eligibility File
- Process a Participant Status Change

**Participant Statistics**

- Total Participant Roster: 42
- Total Enrolled: 42
- Total Not Enrolled: 0

**Participant Roster**

Employment Status: All  
Enrollment Status: All  
Participant Number:   
Last Name:

Search

25 Rows Per Page

Last Name	First Name	Date of Birth	Participant Number	Enrollment Date	Separation Date
No participants found matching your search criteria.					

← Previous Next →

# Online Employer Portal

- **Online Enrollment – Participant Eligibility Data**

**Enter Participant Eligibility Information** ✕

Required fields are marked with an asterisk (\*).

Participant Information	Plan / Employment Information
<b>First Name*</b> <input type="text"/>	<b>Effective Date</b> <a href="#">?</a> <input type="text"/>
<b>Middle Initial</b> <input type="text"/>	
<b>Last Name*</b> <input type="text"/>	
<b>Date of Birth*</b> <input type="text" value="mm/dd/yyyy"/>	
<b>SSN*</b> <input type="text" value="---"/>	
<b>E-Mail Address</b> <input type="text"/>	

# Online Employer Portal

- **Online Enrollment – Participant Eligibility Data**

Upload a Participant Eligibility File ×

 Select File

**File Selected**

**Upload Progress**

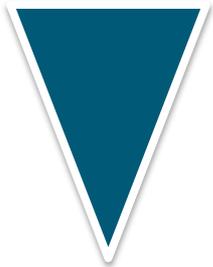
**Processing**

# No-enrollment Process



Funds returned to employer after 90 days

- Single check with roster; no more multiple checks within a given month



Monthly email reminder if employer has one or more no-enrollments more than 30 days old

- No more multiple email notifications within a given month

# No-enrollment Process



VEBA Trust cannot indefinitely hold contributions for retirees who have not enrolled



Returned funds should not be paid to retirees who refuse to enroll

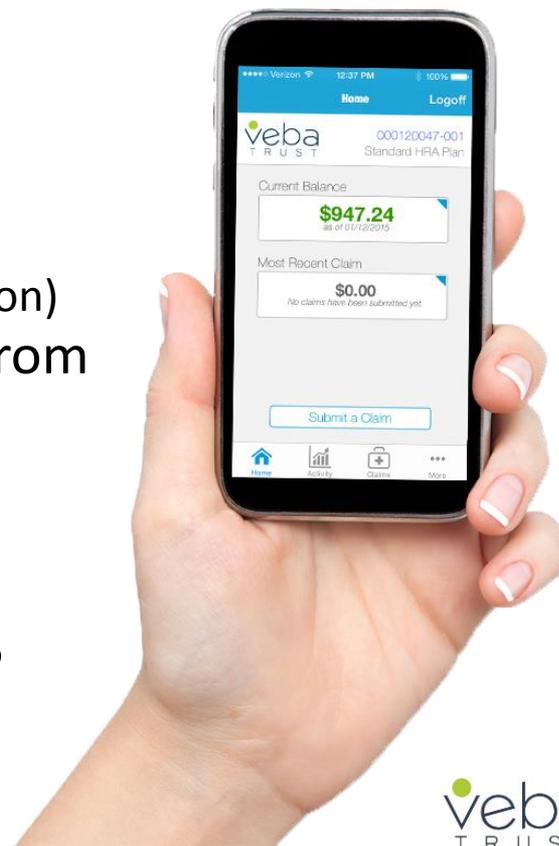
- Doing so could affect tax-exempt status of contributions for all other retirees/participants



All members of a participating employee group defined as eligible must participate, per IRS rules

# New Participant Services

- **Updated Online Participant Portal**
  - Better navigation and more user friendly
- **Online and Mobile App Claims**
  - Enter claims directly into the system
  - Track claims as they are processed
- **Mobile App (HRAgo)**
  - For iPhone users (Android version coming soon)
  - Take photos of receipts; submit claims from smartphone
  - Keep track of account on the go
- **Debit Card**
  - Optional service available summer 2015



# Improved Customer Service

- **Customer care (and claims processing) back in the Northwest**
  - Team of specially-trained HRA customer care representatives
  - Dedicated exclusively to HRA customer service
- **Empowered to resolve matters over the phone**
  - Reprocess claims
  - Correct data on reports
  - Make real-time account changes
  - Resolve issues



# Questions?

