



Ultimate Guide to **Benefits** and **COBRA**

Let's take a closer look at
consumer-driven employee
benefits and COBRA.



HSA

A health savings account (HSA) is a pre-tax benefits plan that lets your employees save money on eligible medical, dental and vision expenses, including copays, prescriptions and a variety of products. To be eligible for an HSA, an employee must be enrolled in an HSA-eligible health plan.



Perks for employees

- Their funds are contributed tax-free.
- Their funds grow (with interest or through investment) tax-free.
- Their funds can be withdrawn tax-free when used on eligible expenses.
- Their funds carry over from year to year.

Perks for employers

- Your contributions to your employees' HSAs are tax deductible.
- Your employees' contributions reduce your payroll taxes.
- You save on healthcare costs, since high-deductible health plan (HDHP) coverage is more affordable for you.

The benefits of HSA investment



HSA funds can be invested. We offer investment tools and more than 8,500 mutual funds and other investment options.



Funds can be withdrawn at any time tax-free as long as they're used for eligible expenses.



Once they reach age 65, your employees can spend HSA funds on anything without paying a penalty fee.



FSA

A flexible spending account (FSA) is a pre-tax benefits plan that lets your employees save on a variety of healthcare expenses, depending on the type of FSA. FSAs are subject to the IRS' use-or-lose rule, meaning all funds must be spent within the plan year or be forfeited to the plan.



Perks for employees

- Their funds are contributed tax-free.
- Their funds are available on the plan year's first day (except with a dependent care FSA).
- They can pair a limited FSA or dependent care FSA with an HSA.

Perks for employers

- Your employees' contributions reduce your payroll taxes.
- You own the account.
- You can choose to offer a grace period or carryover, which can make FSAs more appealing to employees, as they give employees more time to use their funds.

The four most popular types of FSAs

Medical FSA

Covers eligible medical, dental and vision expenses.

Dependent Care FSA

Covers eligible day care expense for children under age 13 or expenses related to care for a disabled spouse or dependent.

Combination Medical FSA

Starts as a limited FSA (covering dental and vision expenses) but can become a medical FSA.

Limited Medical FSA

Covers eligible dental and vision expenses. A limited FSA can be paired with an HSA.



HRA

A health reimbursement arrangement (HRA) is an employer-funded account that lets employees save money on healthcare expenses. Since you own the account, you also determine which expenses are eligible.



Perks for employees

- They get plan funds from you, since you sponsor the plan.
- Their plan is customized by you, so you can make sure it fits their needs.

Perks for employers

- You can build the plan to work with any health coverage you provide.
- You own the account.
- You determine account contribution limits.

Get to know the ICHRA

The individual coverage health reimbursement arrangement (ICHRA) was introduced in 2020 as a way for you to provide funds to employees to help them pay for individual health insurance and other eligible expenses. With an ICHRA:

- ✓ Employees can shop for customizable, more affordable insurance in an individual marketplace that meets their needs.
- ✓ You save on health insurance premiums and instead fund the ICHRA.
- ✓ You can customize the ICHRA, including how much you contribute to each employee class and what the eligible expenses are.



LSA

A lifestyle spending account (LSA) is a post-tax benefits plan your employees can tap into for a variety of expenses related to lifestyle and wellbeing. LSAs are customizable and funded by you.



Perks for employees

- They get plan funds from you, since you sponsor the plan.
- Their plan is customized by you, so you can make sure it fits their needs.
- They'll feel their employer cares about their wellbeing and development.

Perks for employers

- You own the account.
- You determine eligible expenses.
- You can boost retention and recruitment by offering a custom option your employees really want.

Common expenses are:



Health

Gym memberships, yoga classes, athletic clothes



Financial

Student loan repayment assistance, life emergencies



Professional

Conference ticket costs, professional development



Commuter Benefits

Commuter benefits let your employees put money aside tax-free to pay for expenses for commuting to and from work. Eligible expenses include mass transit, vanpooling and parking costs.



Perks for employees

- Their funds are contributed tax-free.
- They can easily adjust their contributions on a monthly basis.
- They can benefit in other ways, such as reduced stress from experiencing a better daily commute.

Perks for employers

- You can save money on payroll taxes (depending on your location).
- You free up parking spaces at your office.
- You'll ensure you're in compliance if you're in an area with a mandate to offer commuter benefits (such as, New York, San Francisco, Seattle, or Chicago).

Commuter expenses

Based on plan design and location, funds can be used for eligible expenses that include:



Train



Bus



Subway



Vanpooling



Parking



COBRA

COBRA provides a valuable safety net to your employees when they experience a qualifying event that results in a loss of insurance. The federal law requires many employers offer continuation coverage to their qualified beneficiaries.



Look for a COBRA administrator that offers:



**Proven experience
& integrations**



**A mobile app for
members**



**Online account
access for members**

Who is required to offer COBRA?

Employers with 20 or more employees on more than 50% of business days in the previous calendar year are typically required to offer COBRA.

What is a qualifying event?

Common qualifying events that trigger COBRA eligibility for your employees are termination (for any reason other than gross misconduct) and a reduction in hours. Other qualifying events will require you to offer COBRA to spouse and dependent children.



Marketplace

Our marketplace gives your qualified beneficiaries the opportunity to search for customizable coverage as an alternative to COBRA. Offering marketplace comes at no cost to you.

Perks for qualified beneficiaries

- They'll potentially save money by finding more affordable coverage.
- They can search for coverage that's more tailored to their needs.

Perks for employers

- You'll potentially reduce your COBRA premiums, since fewer COBRA elections can mean lower premiums.
- You'll minimize risk, since the risk associated with beneficiaries' claims is taken on by the provider.
- You'll build goodwill because your qualified beneficiaries often save with marketplace.





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