



OFFICE OF FINANCIAL MANAGEMENT/Financial Services Group

Reporting HRAs Under Section 111

Is a Health Reimbursement Arrangement (HRA) being used by a working Medicare Beneficiary (or a Medicare beneficiary who is the covered dependent of a worker) as a part of a worker's employment benefits? If yes –

The CMS considers an HRA to be a Group Health Plan (GHP) product for MSP purposes. (See: 42 CFR §411.101.) To be considered an HRA by CMS, **the product must be funded 100% by an employer.** CMS considers the product to be an HRA regardless of whether it has an end-of-year carry-over or roll-over feature. Responsible Reporting Entities (RREs) will be required to include free-standing HRA coverage for the first time in Section 111 reporting beginning with MSP Input Files submitted during the Fourth Quarter of 2010 (October – December 2010) for HRA effective dates of 10/1/2010, and during the First Quarter of 2011 (January – March) for HRA effective dates of 1/1/2011 and subsequent. These first reporting dates are later than the dates that apply to other GHP RREs. This extension for HRA RREs has been implemented to allow HRA RREs time to gather the necessary information to report regarding the HRA coverage.

RREs are NOT to report HRA coverage information until their assigned file submission timeframe in the Fourth Quarter (October, November, and December) of 2010 or First Quarter (January, February, March) of 2011.

HRA reporting requirements:

- HRA-only RREs are to register for Section 111 reporting on the COBSW starting May 1, 2010, if they have not already done so, in order to complete the registration process by June 30, 2010.
- Testing the submission of HRA coverage information will commence on July 1, 2010.
- Production reporting of HRA coverage information will commence October 1, 2010.
- HRA coverage should be reported in the RRE's regular quarterly MSP Input File which is submitted during the file submission timeframe assigned to the applicable RRE ID. Since **future dates cannot be accepted** in the Effective Date Field of the MSP Input File, HRA coverage should be reported as soon after the effective date of the coverage date as allowed by the RRE's file submission

timeframe (e.g. 4th Quarter 2010 for HRAs effective 10/1/2010, First Quarter 2011 for HRAs effective 1/1/2011.)

- No retroactive reporting is required for HRA coverage. Only HRA coverage with effective dates of 10/1/2010 and subsequent must be reported.
- Termination Dates are only to be submitted when the covered individual loses or cancels coverage, not when the annual benefit value is reached. If the same HRA coverage continues year to year, then the record may be reported and left with an open-ended Termination Date as is done with regular GHP coverage reporting. A Termination Date should not be reported unless the HRA coverage is not continued or renewed in the subsequent year.
- Only HRA coverage that is reflective of a “free-standing” HRA not linked to other GHP coverage should be reported. HRA coverage that is imbedded or a part of a more comprehensive or “standard” GHP is **not** to be reported separately from the standard GHP coverage.
- Only HRA coverage that reflects an annual benefit value of \$1000 or more is to be reported. HRAs with an annual benefit amount of less than \$1000 are exempt from reporting.
- Free-standing HRA coverage is to be reported using a value of ‘R’ in the Coverage Type Field 8 on MSP Input File Detail Records.

What About Reporting FSAs and HSAs?

A Flexible Spending Account (FSA) product is not considered to be GHP coverage for MSP purposes. RREs are not required to include FSA programs in Section 111 reporting.

A Health Savings Account (HSA) is typically associated with a high deductible GHP product. Under current law, Medicare beneficiaries may not make further contributions to the savings portion of a “legacy” HSA, although they retain access to previous contributions, both their own and those made by an employer. The CMS will not consider HSAs to be reportable under Section 111 as long as Medicare beneficiaries may not make a current year contribution to an HSA or did not make a contribution during the time he/she was a Medicare beneficiary. (Note: There is a product available to Medicare beneficiaries called a Medicare Medical Savings Account. It is a part of and administered by the Medicare program.)

Based on material included in Version 3.0 (1/4/2010) of the Section 111 “GHP User Guide”.

3/5/2010