Who pays first, your HRA or Medicare?

Read on to learn more about coordination of benefits with Medicare and how it may apply to you.

If you are retired or separated from the employer that made, or is making, contributions to your health reimbursement arrangement (HRA), Medicare should pay first*. However, if your HRA is claims-eligible and you are still working for the contributing employer, Medicare requires that you use your HRA before Medicare, just like any other employer-sponsored group health plan. In other words, if you, your spouse, or a dependent are on Medicare, you may be required to use up your HRA before Medicare will pay any benefits. There are some exceptions, however. For example, Medicare will pay first and your HRA will not be affected by the Medicare coordination of benefits rules if any one or more of the following exceptions apply to you:

1. Your HRA balance has always been and stays under $5,000; or
2. You have elected limited HRA coverage (see Option 2 under What can I do? for more details).

*If you are separated from the employer that made, or is making, contributions to your HRA, contact our Customer Care Center at 1-888-659-8828 to confirm that we have your separation date on file and that it has been or will be reported to Medicare. Medicare accepts updates from us by electronically-transmitted data files on a quarterly basis (four times per year). It generally takes at least 45 days for Medicare to update its system after receiving updated data files.

What can I do?
First, if you are still working and none of the exceptions listed above apply to you, use this chart to find out how coordination of benefits with Medicare will work in your situation.

Next, you may want to consider the following options to improve your coordination of benefits situation, particularly if your HRA is currently primary:

1. Enroll in a group medical plan through your or your spouse’s employer. If you, your spouse, or dependent(s) on Medicare are enrolled in a group health plan, the group health plan pays first, then HRA, then Medicare.
2. Elect limited HRA coverage. Typically, if you elect limited HRA coverage, either your group health plan (if any) or Medicare pays first. To elect limited HRA coverage, submit a Limited HRA Coverage Election form. To access paper forms, log in at hraveba.org and click Resources, or contact our Customer Care Center at customercare@hraveba.org or 1-888-659-8828. NOTE: If you elect limited HRA coverage, your HRA will be able to reimburse only dental, vision, and orthodontia expenses not covered by Medicare. All other expenses incurred while coverage is limited, including qualified insurance premiums, are not eligible for reimbursement.

QUESTIONS? 1-888-659-8828 | customercare@hraveba.org | hraveba.org

1 “Group health plan” refers to an employer-sponsored medical insurance plan such as Blue Cross, Regence, Group Health, etc. provided through your employer or your spouse’s employer.

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