



AP Connect

MidAmerica's Alliance Partner Newsletter

September 2019 | Solutions that matter. Partnerships that last.



Which HRA will work for your client?

Offsetting rising health care costs is a struggle for many employers. A Health Reimbursement Arrangement (HRA) is a cost-effective way for employers to provide great health benefits to employees at a reduced cost. An HRA is an employer-funded health benefit plan that reimburses employees for out-of-pocket medical expenses and health insurance premiums on a tax-free basis.

At MidAmerica, we offer three flexible HRA options, so you can make sure the benefit offered to employees meets the needs and goals of your client:



dcHRA

A **defined contribution HRA** (dcHRA) offers a quantifiable retirement benefit that reduces the employer's OPEB liability while attracting and retaining top talent. It allows employers to deposit a fixed dollar amount into the HRA while the employee is actively working for use upon retirement or separation of service. Funds can be used to reimburse eligible medical expenses for the retiree, their spouse, and eligible dependents on a tax-free basis. Funding the plan during employment allows for managed cash flow and potential asset growth as well.

Employer Benefits	Employee Benefits
<ul style="list-style-type: none">• Save 7.65% in FICA taxes• Vesting schedule can apply• Retention tool• Alleviate OPEB liability	<ul style="list-style-type: none">• Save 7.65% in FICA taxes• Funds are invested in a fixed or variable account for potential growth while the employee works• Tax-free deposits, accumulation, and reimbursement



rHRA

A **retiree HRA (rHRA)** helps bridge the gap between retirement and Medicare eligibility for employees. An rHRA accomplishes this by using unique sources of funding like unused sick leave and unused vacation pay, or other incentives into an employee's account at retirement. Funds can be used upon retirement or separation of service to reimburse eligible medical expenses for the retiree, their spouse, and eligible dependents.

Employer Benefits	Employee Benefits
<ul style="list-style-type: none">• Save 7.65% in FICA taxes• Retention tool• Use creative forms of funding to provide valuable benefit	<ul style="list-style-type: none">• Save 7.65% in FICA taxes• Funds are invested in a fixed or variable account for potential growth• Tax-free deposits, accumulation, and reimbursement



iHRA

An **integrated HRA (iHRA)** helps employers offset the cost of group medical coverage for active employees by depositing a fixed amount into the employee's HRA. Funds can be used to reimburse eligible medical expenses, such as deductibles, and are available immediately upon contribution. This allows the employer to offer lower premium plans with higher deductibles without increasing the cost to the participant. In other words, this solution makes health care plans more affordable for both the employer and employee.

Employer Benefits	Employee Benefits
<ul style="list-style-type: none">• Save 7.65% in FICA taxes• Control deposit schedule and frequency• Employer can define what medical expenses are eligible• Retention tool	<ul style="list-style-type: none">• Save 7.65% in FICA taxes• Funds are invested in a fixed or variable account for potential growth• Unused funds roll over year to year• Tax-free deposits, accumulation, and reimbursement

No matter what the health care benefit goal of your client is, it's likely there is an HRA solution that can help them reach it. With flexible applications that help both the employer and employee, it's a win-win plan for all.

Log into the Alliance Partner Portal to access HRA resources and presentations today!

Help Yourself with Self-Service Tools

Access the resources you need when you need them.

At MidAmerica, we work tirelessly to ensure our Alliance Partners have access to the tools, resources and personalized support you need to be successful. We recommend using some of the below self-service options because they're easy to navigate and available 24/7!

myMidAmerica.com

Our company's website, myMidAmerica.com, is home to all sorts of resources! Below are a few highlights to get you started.

Education

After you navigate to *myMidAmerica.com*, click on the *Resources* tab. From here, you can access educational resource pages such as Claim Documentation FAQs, FSA Fee Worksheets or even IRS Rollover Charts.

Forms

You can also find Health & Welfare, and Retirement* forms by clicking on *Forms* located in the top right-hand corner of the homepage.

File Upload

On myMidAmerica.com, employers can upload contribution data into their plan. They can also submit a forfeiture request file to initiate participant forfeitures that are not tied directly to a specific plan contribution. Employers can even submit a census update file to initiate

participant status changes such as an address, name, or employment status change. All of these options are accessed by clicking on *Upload File* and *For Employers/Partners*. From this page, simply select *Employer File Upload* and then choose your upload type.

Alliance Partner Portal

The Alliance Partner Portal (APP) allows you to access many valuable resources.

You can even use APP to request materials and submit deals. To log in, navigate to

<https://midamerica.allbound.com/>.

From

there, use your login credentials

to access valuable resources such as sales collateral, employer and employee welcome kits, PowerPoint presentations, and sales pipeline tools. First time accessing the portal?

Click here for registrations instructions!

If you need help finding materials, please email accountmanagement@myMidAmerica.com.

*Some forms may require a login to access. To request a form, contact accountmanagement@myMidAmerica.com.



3 Reasons a Distribution Can Be Delayed

(and how to avoid it!)

Our participants work hard to serve our communities, and when they request eligible distributions from their retirement accounts, we want them to receive their funds without delay. Unfortunately, requests for distribution are sometimes deemed Not in Good Order (NIGO).

What exactly does that mean? If the participant submitted a request that is missing information or contains inaccurate information, it is 'not in good order' and will need to be corrected before the request can be processed.

Following are three of the most common examples of a distribution request that is considered NIGO, and some helpful tips on how to prevent these occurrences in the first place.

1. Missing pieces of documentation.

If the participant is requesting a rollover of funds, they need to provide a completed W-9 with their paperwork. If the participant wishes their distribution to be direct deposited into their bank account, they must include a voided check, along with a signed MidAmerica Direct Deposit form.

Why would we ask for these items?

We must comply with IRS guidelines and



have the information necessary to send the participant a Form 1099 for their tax preparation, and we also want to make sure their funds are directed to the correct bank account. Simple oversights, like forgetting the W-9 form or the voided check, along with missing signatures or dates, can cause unnecessary delays in processing.

How to avoid making one of these mistakes? Encourage your clients and their participants to review the checklist that accompanies the distribution form. If the participant follows this checklist, they can avoid missing a required document or signature, and more confidently request the distribution to which they are entitled.

2. Missing a TPA Approval.

Certain retirement plans require that the employer's third-party administrator (TPA) provide approval before a distribution request can be processed. While the participant is patiently waiting for their funds to arrive, they may be unaware that the processor is making multiple attempts to obtain the necessary TPA approval.

How to avoid playing this waiting game?

Your agency may be empowered to contact the TPA on the participant's behalf and obtain the necessary approval. If this is an option, inform your client and their participants they can postpone sending in their distribution request until the TPA has provided consent, or advise them of the potential delays due to this process.

3. Undocumented name or address change.

If the participant has experienced a name or address change but has not updated their account information, their distribution request will trigger a NIGO when the name/address on file does not match what's on the form. We're committed to protecting the security of the participant's identity. If the name or address on their form does not match our records, we may suspect fraudulent activity.

This is easily preventable. Before you

advise a participant to submit their forms, encourage them to log into their online account and check that their profile information is current. If it's not correct, the participant can quickly update their mailing address online, or they can call our toll-free number and speak with one of our Participant Services Representatives. For a name change, the participant must submit a name change form along with legal documentation evidencing the name change. If a distribution request and name change occur together, a W9 is required to meet IRS requirements and provide the participant with an accurate Form 1099 for tax purposes.

MidAmerica takes care of those who take care of our communities. Our participants deserve to receive their funds when they want or need them. It's important to remember that a NIGO is not the same as a denial; it simply means that a request is incomplete or not acceptable as submitted but can be remedied with more information. With the proper guidance and assistance, participants are more likely to receive their distributions without any hassle.

Questions?

If you have any questions on the distribution process, please email us at accountmanagement@myMidAmerica.com.

Medical Expenses—What's Eligible and What's Not?

Medical care expenses can be very pricey for participants, but with a Health Reimbursement Arrangement (HRA), many expenses might be covered. An HRA is an employer-funded health benefit plan that reimburses employees for out-of-pocket medical expenses and health insurance premiums on a tax-free basis.

But what is covered and what is not? When it comes to eligible expenses, some participants feel unsure. For example, some participants aren't aware that over-the-counter medications are not automatically covered without a prescription or a Statement of Medical Necessity (SOMN). It can be tricky to navigate the world of reimbursement eligibility, so it's

our job at MidAmerica to provide participants, employers and you with the resources you need, when you need them!

The following describes whether certain types of expenses qualify as medical care under Code 213(d) for purposes of reimbursement by an HRA. However, you may refer to the HRA plan documents for additional comments and special rules based on private rulings. A partial listing of 213(d) eligible medical expenses, as well as a premium-only listing of eligible expenses, can be accessed at any time by visiting www.myMidAmerica.com and selecting **Resources. Click here to access the full IRS listing.**



Common Eligible Expenses

Premiums

- Medical Insurance
- Dental Insurance
- Vision Insurance
- Health Maintenance Organization (HMOs)
- Long-Term Care Insurance* (Tax Qualified)
- Medicare Part B
- Medicare Supplement

Most Common Expenses

- Over-the-Counter Drugs**

- Office Visit Copays
- Physician Service Copays
- Prescription Copays
- Insurance Plan Deductibles
- Insurance Plan Co-Insurance

Other Services

- Anesthetist
- Chiropractor
- Christian Science
- Dentist
- Exam, physical
- Eye Exam

- Fertility Treatments
- Gynecologist
- Healing Services
- Hospital
- Laboratory
- Osteopath
- Physician
- Physiotherapist
- Psychiatrist
- Sex Therapist
- Specialists
- Surgeons



Common Ineligible Expenses

- Babysitting and Child Care
- Breast Pumps***
- Calcium Supplements
- Cancer, Indemnity and Long-Term Disability Insurance
- Cancelled Appt Fees
- Contact Lens Insurance
- Cosmetic Surgery/Procedures
- Custom Fit-Overs (Clip Ons)
- Dancing Lessons
- Diaper Service
- Discounted Fees/Write-Offs
- Electrolysis
- Exercise Equipment
- Eyeglass Insurance
- Fitness Programs***
- Hair Loss Medication
- Hair Transplant
- Health Club Dues
- Treatment Program (at a Health Club)***
- Herbs and Herbal Medicines
- Homeopathic Drugs
- Illegal Operation or Treatment
- Insurance Premium Interest Charge
- Lamaze Class*****
- Marriage Counseling
- Massage Therapy****
- Maternity Clothes
- Personal Trainer
- Prescription Drug Discount
- Pre-Tax Insurance Premiums
- Retin-A***
- Rogaine***
- Special Foods (cost difference of common product)
- Student Health Fee
- Swimming Lessons
- Tattoo Removal
- Teeth Whitening/Bleaching
- Toiletries/Toothpaste, etc.
- Varicose Vein Treatment***
- Veneers
- Vision Discount Program Premiums
- Vitamins***
- Weight Loss Programs &/or Drugs***

**Pursuant to PPACA Section 9003, effective January 1, 2011 over-the-counter drugs will no longer be considered eligible expenses without a doctor's prescription

***Eligible only with a Doctor's certification identifying the medical condition and length of treatment program.

****IRS Section 213(d) has indicated that therapy provided for the general improvement of mental health, relief of stress, or personal enjoyment, is not an eligible expense reimbursable from your HRA or FSA account. Therapy used to treat a specific medical need remains eligible. Therefore, this type of expense will require a doctor's note, with a diagnosis, to state the medical need for eligibility to be determined.

*****Eligible expenses are limited to the mother's instruction related to birth.

We want to hear from you!

As our Alliance Partner, your feedback is critical to the success of our organization. We ask that you take a few moments to let us know how we're doing. **[Click here to access the survey.](#)**

