

# The Sponsor Sentinel



 **October 2020** | MidAmerica's Plan Sponsor Newsletter



**We're  
in this  
together.**



**A thank you from  
MidAmerica**

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**Written by Jim Tormey**  
President & CEO

**T**o say 2020 brought a set of unexpected challenges to the public sector would be an understatement. As the year continues to unfold and the Coronavirus pandemic continues to evolve, we understand the pressure and toll it's taking—especially on you, the clients we serve.

We founded our business in 1995 to support the public sector, providing guidance and solutions to help you face some of your toughest challenges. We were there for you then and, more than ever, we're here for you now as we hold true to one of our MidAmerica Core Values: We Take Care of our Customers.

As classrooms reopen, as cities make tough calls on mask ordinances and shut-downs, and as we all remain focused on the wellbeing of those we love, please let me offer a heartfelt

## Thank you, cont...

THANK YOU for everything you're doing to keep our communities safe.

Teachers, city workers, public safety employees and countless other public sector workers have faced unprecedented adversity this year yet continue to show up each and every day in service to our communities. Their selfless example fuels and inspires us, and reaffirms our steadfast commitment to being there for you through it all.

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**We see the incredible work you're doing every day for our schools, colleges, cities, and communities, and we're grateful and proud to support you as a trusted partner every step of the way.**

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Whether you need help retaining employees, are facing seemingly insurmountable budget challenges, or just need advice—we're here to talk, to listen and to problem solve. We see the incredible work you're doing every day for our schools, colleges, cities, and communities, and we're grateful and proud to support you as a trusted partner every step of the way.

Thank you from the MidAmerica team for keeping our worlds moving forward. We're in this together!

Sincerely,



**Jim Tormey**  
President & CEO

## We're here to help.

If you or your participants have questions or need support during this time, we're here for you. Our hours have not changed and we're still accessible via phone or email.

### Participant Service Hours

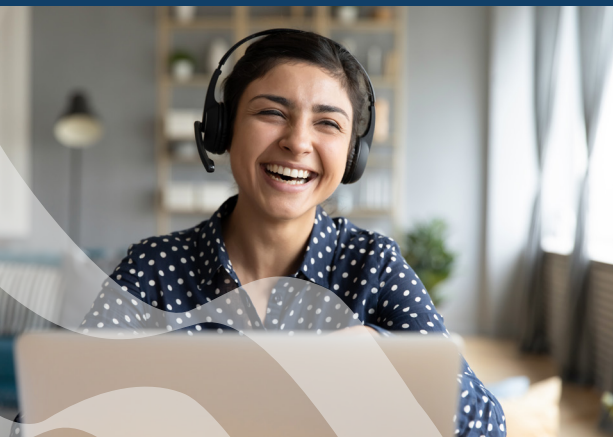
Monday through Thursday  
8:30 a.m.–8:00 p.m. ET

Friday

8:30 a.m.–6:00 p.m. ET

Phone: (800) 430-7999 | [accountservices@myMidAmerica.com](mailto:accountservices@myMidAmerica.com)

For employer-level service, contact your Account Manager by emailing [accountmanagement@myMidAmerica.com](mailto:accountmanagement@myMidAmerica.com).



# Common HRA Misconceptions

How you can address common misconceptions with your employees.

When it comes to providing employees with a comprehensive health benefit plan, it's important to consider all parties involved. Some employees may be open to a change in benefits, while others will undoubtedly be hesitant. Every employee has a unique financial situation that will sway his or her opinion, but MidAmerica has found that through candid conversations between decision makers and employees, a win-win arrangement is achievable.

Since the IRS approved the use of the Health Reimbursement Arrangement (HRA) in 2002, MidAmerica has helped public sector employers across the country save on FICA taxes, reduce their OPEB liability, and help employees offset the cost of rising health care. Despite the increasing adoption of the HRA and the recognition of both its cost-saving abilities and administrative flexibility, employees may be hesitant to accept it as a new benefit due to some common misconceptions. If you currently offer an HRA or if you're looking to implement an HRA for your organization, we understand that getting your employees on board is a large part of the process. Below are some common concerns employees, unions and bargaining

groups may have and tips on how to help them understand the long-term benefit of the HRA solution:

**Employee Concern:** *"I don't need my unused leave for medical expenses—I want to use that money for any purpose I want after I retire."*



## Employer Response:

"The average 65-year-old couple retiring in 2019 can expect to spend \$285,000 in health care and medical expenses throughout retirement<sup>1</sup>, which means that without an HRA, you will likely use a tax-deferred retirement benefit or cash payout to cover these expenses. An HRA allows that money to be invested for potential tax-free growth and used tax-free when you incur the inevitable medical costs. Plus, we can set up a unique plan design so that a portion of your unused leave is placed into an HRA while the remaining funds are placed into a tax-deferred retirement plan, like a 401(a) or 403(b) plan, to be used for any purpose you choose. Essentially, you'll maximize the value of your unused leave to help offset the rising costs of health care in retirement."

## HRA, cont...

**Employee Concern:** *"It seems like I'm losing money since I'm not receiving a cash benefit."*



**Employer Response:** "You're actually receiving more money since the HRA is tax-free! This means you receive dollar for dollar the benefit amount you are promised. Unlike other retirement plans, the money reimbursed through the HRA is not subject to FICA, Federal, or State income taxes. With an HRA, deposits, accumulation, and reimbursements are all tax-free. In fact, you can easily calculate how much of your total benefit you'd receive based on the benefit vehicle." Below is an illustration based on a \$25,000 benefit amount.

	HRA	Tax-Deferred Plan	Cash Payout
<b>Benefit Amount</b>	\$25,000	\$25,000	\$25,000
<b>7.65% FICA Taxes Removed</b>	N/A	N/A	-\$1,912.50
<b>Federal Tax Removed*</b>	N/A	-\$5,000.00	-\$5,000.00
<b>Remaining Benefit Amount</b>	<b>\$25,000.00</b>	<b>\$20,000.00</b>	<b>\$18,087.50</b>

*\*Based on 20% Federal Tax assumption. Consult your tax advisor for the actual tax rate that would apply to you.*

**Employee Concern:** *"Is it true that HRAs do not allow beneficiaries?"*



**Employer Response:** "A participant's surviving spouse, tax dependents, and qualifying children can still access HRA funds to pay for their own qualifying medical expenses after a participant's death. Most participants fully spend their HRA balances over the course of their lifetimes."

No matter if you need help explaining your current HRA to your participants, or if you're interested in implementing one, we're here to help. MidAmerica can work with you to create a plan design that meets your unique needs and will assist in discussions about this valuable benefit. Simply reach out to your Account Representative or Account Manager to request additional details or to arrange a consultation.

# The Journey into a Better Experience

How HRA/FSA participants are reaping the rewards of Journey.

Last year, MidAmerica embarked on a Journey. As your plan administrator, it's our mission to continuously improve your experience with us and ensure it's easy to manage your benefits. With that goal in mind, our teams worked to develop and implement **MidAmerica Journey**, an enhanced Health Reimbursement Arrangement (HRA) and Flexible Spending Account (FSA) claims management platform for both you and your participants. So far, we have successfully transitioned more than 618 health and welfare plans with more plans expected to transition

by the end of the year. These transitions have resulted in a more streamlined and efficient way to access the HRA and FSA funds your participants need, when they need them.

## The Why Behind the Journey

In the spirit of continuous improvement, MidAmerica has invested in an enhanced online benefits experience for you and your participants. We know that consumers expect quick access to products and services, and accessing their benefits should be no different. With Journey, the participant experience is not

## Platform Benefits and Enhancements

Here are a few more reasons to love MidAmerica Journey:

### Simple, intuitive interface

As soon as your participants log in, they have easy access to balance information, spending charts, claims submission and any requests from MidAmerica. The new portal also provides a single place to manage claims and investments!

### Improved online FSA enrollment

FSA participants can enroll in their plan online by following a quick and easy enrollment wizard.

### Enhanced Mobile App

The Journey mobile app makes on-the-go claims management easier than ever. Participants can view balances, submit claims and even upload documentation by snapping a photo!

### Improved claim visibility

Your participants spoke and we listened. With Journey, participants can easily see claim status and what claims need additional documentation.





## Journey, cont...

only enhanced, but has been enhanced as a result of real participant feedback. We were committed to providing participants with a more seamless submissions process, broader access to debit cards by expanding use to variable funds, and increased visibility into a claim's journey from submission to payment. The why behind the journey is simple—it's because of our commitment to take care of our customers, and we do that by listening and responding to what they have to say.

### MidAmerica Journey: The Trends We're Seeing

#### Debit card usage is on the rise.

We've noticed an increase in debit card use as a result of the Journey transition. This means more of your participants are benefiting from increased rates of auto-substantiation (meaning claims are automatically approved at the point of sale) and are able to more easily pay for the health care they need.

#### The average days to review claim submissions is nearly 50% faster.<sup>2</sup>

When claims are reviewed quicker, it means your participants receive status updates sooner and ultimately results in a faster reimbursement turnaround.

MidAmerica Journey was designed with you and your participants in mind. Streamlining claims submission, enhancing online FSA enrollment, and expanding access to our mobile app and debit cards are Journey features that ensure participants have fast, easy access to their reimbursement funds. Many of you have already been contacted about or completed your Journey transition. For those who have transitioned, we hope you're enjoying Journey and are confident it will deliver an enhanced experience for you and your participants. For those still transitioning, there's a lot of information in the communications we'll be sending you, but in case you need more information, don't hesitate to visit the **Journey Resources** page. We also encourage you to reach out to your Account Representative or Account Manager for additional details of your Journey transition.

# Employer Upload Site Reminder

## Quickly & Securely Upload Contribution, Census and Forfeiture Data

We understand that managing your organization's benefits should be simple and that online, self-service options are critical. We wanted to remind you of a powerful online resource that streamlines how you submit your contribution, census and forfeiture information.

Our [Employer Upload Site](#) was designed to help you upload data securely and simply. Using the site is easy, but in case you need help, we created a dedicated resources page that includes data requirements templates, videos on how to use the upload site and a best practices overview for tips on uploading data. [Click here](#) to access the Employer Upload Site Resources page!



### Accessing the Site

- Go to [www.myMidAmerica.com](http://www.myMidAmerica.com)
- Select **Upload File** in the top right-hand corner
- Select **For Employers/Partners**
- Select **Employer File Upload**
- From the next page, simply select the type of data you are uploading

Have questions about the upload site? Email us at [accountmanagement@myMidAmerica.com](mailto:accountmanagement@myMidAmerica.com).



Connect with us on LinkedIn by searching **MidAmerica Administrative & Retirement Solutions!**



## Stay connected and informed.

Learn more about the CARES Act, SECURE Act and other IRS notices by visiting [www.myMidAmerica.com/the-cares-act](http://www.myMidAmerica.com/the-cares-act).

You can also view recent industry and legislative updates at [www.myMidAmerica.com/news](http://www.myMidAmerica.com/news).

1. Lake, Rebecca, "How to Plan for Medical Expenses in Retirement," <https://www.investopedia.com/retirement/how-plan-medical-expenses-retirement/>, (November 2019)  
2. Average based on recent MidAmerica data that is tracked monthly.