

Glossary – H

Health Care Plan – A health care plan is one that offers hospital medical, surgical, Rx, dental, vision, LTD or STD benefits.

Healthcare Spending Account (HSA) – An HSA is a plan that allows employees to reduce their salary to pay for expenses not covered by their insurance such as co-pays, eyeglasses, contact lenses, crowns, root canals, deductibles, and co-insurance. Employees elect annually the total amount to be set aside for their families. Unreimbursed expenses are withheld in equal increments through payroll deductions. Weekly claims processing prevents the employees from waiting long periods for reimbursement. Reimbursements are made up to the maximum that has been elected for the year. It provides greater tax savings for all employees since most people do not qualify for the federal deduction. It provides a benefit for all employees, even those not participating in the company sponsored medical and/or dental plan(s). Employers and employees save taxes.

Health Insurance Association of America (HIAA) Factors – Such include the following: (a) health status, (b) medical condition, including physical and mental illnesses, (c) claims experience, (d) receipt of health care, (e) medical history, (f) genetic information, (g) evidence of insurability, and (h) disability.

Highly Compensated Individuals (HCI) – For purposes of self-funded medical reimbursement plan discrimination testing, an HCI is (a) one of the five highest paid officers, (b) one with more than 10% ownership, or (c) one of the highest paid 25% of all non-excludable employees. Excludable employees include: (a) one with less than three years of service, (b) one who is under age 25, (c) one classed as seasonal or part-time, (d) one working under a collectively-bargained agreement, or (e) a non-resident alien with no domestic earned income. Such enumeration is made with respect to all of the employers in the Test Plan. For discrimination purposes, the spouse or dependent child of an employee, or former employee, may gain status as an HCI.

HRA Discrimination – Since an HRA is a self-funded healthcare plan, it should be treated as any MRP for discrimination purposes. That is, apply IRC Section 105(h).