



# HRA Annual Premium Savings Small Group Plan Example

**Client Information**

Client Name	ABC Company		
Total Number of Employees with Medical Coverage	12		
Plan Deductible	Single	Family	
	\$2,500	\$5,000	
<b>Health Insurance Premium Annual Premium</b>	<b>Current Plan (1)</b>	<b>Proposed HRA Plan (2)</b>	
	\$55,000	\$36,800	
Premium Savings from Plan Change (before HRA reimbursement)			\$18,200

**Employer HRA Reimbursement Commitment**

Single Deductible	\$2,500	
Number of Employees with Single Coverage	9	
Employer HRA Commitment per Employee - Single	50%	
Total HRA Reimbursement Commitment - Single		\$11,250
Family Deductible	\$5,000	
Number of Employees with Family Coverage	3	
Employer HRA Commitment per Employee - Family	50%	
Total HRA Reimbursement Commitment - Family		\$ 7,500

**Total HRA Reimbursement Commitment (Single & Family) \$18,750**

**Estimated Employer Savings Commitment Based on Employee Use of HRA Funds (3)**

Employer Savings Assuming 100% Employee HRA Utilization	(\$ 550)	
Employer Savings Assuming 80% Employee HRA Utilization	\$ 3,200	
Employer Savings Assuming 60% Employee HRA Utilization	\$ 6,950	
Employer Savings Assuming 40% Employee HRA Utilization	\$10,700	
Employer Savings Assuming 20% Employee HRA Utilization	\$14,450	

**The healthier the group, the more you save!**

(1) The current plan shown is a \$250 deductible, 80/20 copay plan with a \$5,000 stop-loss for a 12-person group in IL, ZIP 60601, using rates as of October 2004. Actual premiums will differ based on several factors including health status, group size, census and location, and are subject to change. Premium and savings assumptions dollar amounts are rounded.

(2) The proposed plan is an HRA plan with a \$2,500 common family deductible for a 12-person group in IL, ZIP 60601, using rates as of October 2004. Actual premiums will differ based on several factors including health status, group size, census and location, and are subject to change. Premium and savings assumptions dollar amounts are rounded.

There are no separate set-up or monthly fees when you select a specially designed Time HRA plan and an EBC HRA. If you select an HRA administrator other than EBC, you will need to add any TPA setup fee and monthly fees.

(3) The estimated employer savings are based on the percentage of HRA funds used by employees. The actual savings numbers are calculated by subtracting HRA dollars (based on the employee use) and any administrative fee from the premium dollar savings. The following utilization statistics which may help you estimate expenses based on average usage.

55% of insureds have claims less than \$1,000 and 70% of insureds have claims less than \$2,000  
\*The statistics are based on historical data from a National Consulting Firm.



**ASSURANT**  
Health

## HRA Plan Cumulative Cost Savings Example



Year	Current Premium	Proposed HRA Plan Premium	HRA Cost	Cumulative Savings on HRA Plans
Year 1	\$55,000	\$36,800	\$7,500	\$10,700
Year 2	\$64,900	\$43,424	\$7,500	\$24,676
Year 3	\$76,582	\$51,240	\$7,500	\$42,518
Year 4	\$90,367	\$60,464	\$7,500	\$64,921

Savings accumulate from year to year. In this example, the owner saves about \$65,000 after four years with the HRA high deductible plan. HRA maximum contributions are based on 40% employee utilization.  $(\$11,250 + \$7,500) \times .4 = \$7,500$

**Assumptions:**

- Current premium and proposed HRA plan premium reflect an assumed renewal increase.
- HRA costs are based on 40 percent employee utilization of the HRA contributions.
- The savings compound because each year the rate is multiplied by a smaller base number. Consequently, each year's increase is less than the copay plan.

The HRA funding information and calculations provide summary information on how an HRA may work with a high deductible health plan and are examples only. Actual results will vary based on several factors including, but not limited to medical trend, utilization percentage of HRA funds by employees and the type and characteristics of the HRA plan design and are not guaranteed. Fortis Insurance Company does not establish nor administer HRAs and disclaims any liability for the creation or administration of HRAs. If tax or legal advice is required, seek the services of a professional advisor.

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