

SULTAN CITY COUNCIL
AGENDA ITEM COVER SHEET

ITEM NO: D-2
DATE: April 12, 2007
SUBJECT: Health Reimbursement Accounts
CONTACT PERSON: Deborah Knight, City Administrator

SUMMARY:

The issue before the City Council is whether to establish a VEBA, or Voluntary Employees' Beneficiary Association for non-represented employees. A VEBA is a pre-retirement and post-retirement health reimbursement arrangement. The proposed VEBA plan would enable non-represented employees to make tax-free contributions into a VEBA Trust account.

The proposal is to fund the VEBA account through a combination of:

1. A \$50 monthly contribution from each non-represented employee's paycheck from existing employee salaries.
2. Voluntary lump-sum leave cash outs annually or at separation (e.g. sick leave and vacation leave).

There is no direct cost to the City other than minimal administrative costs to enroll employees and disburse funds to accounts through payroll deductions.

STAFF RECOMMENDATION:

Discuss the HRA VEBA proposal and direct staff to prepare an adopting resolution to offer the HRA VEBA plan to non-represented employees.

DISCUSSION:

What is the HRA VEBA Plan?

A VEBA is a voluntary employees' beneficiary association authorized by the Internal Revenue Service. VEBAs are a tax-exempt trust vehicle which provides employee benefits. The technical term as defined by the IRS is a Health Reimbursement Account or "HRA".

The HRA VEBA plan is a tax free health reimbursement arrangement (HRA) that can be used anytime to pay or reimburse qualified out-of-pocket healthcare costs and premiums for the employee, the employee's spouse and qualified dependents.

This HRA VEBA Trust was created in 1990 to provide public employers in the Northwest a method to provide employees supplemental benefits; particularly post-retirement medical savings accounts. The HRA VEBA Trust has provided benefits to employees since its inception. The Trust pays over 2,000 benefit claims per month.

Why offer the HRA VEBA Plan?

VEBA provides a vehicle for employees to save money specifically for retirement healthcare costs.

Active employees can use their VEBA accounts to pay or reimburse eligible out-of-pocket healthcare expenses and premiums for themselves, their spouse and qualified dependents at any time.

Today, the average public retiree and spouse will spend over \$300,000 in out-of-pocket retiree health care costs by age 84. Retiree health care expenses can include premiums for medical, dental, vision and tax-qualified long-term care insurance coverage; Medicare Parts B and D; Medicare supplement plan premiums; deductibles; co-payments; and over-the-counter medications.

Out-of-pocket healthcare costs (e.g. annual deductibles, co-payments, dental, vision, etc.) for active employees are increasing. Eligible expenses are submitted for reimbursement. Payments are processed from Spokane. Attachment B lists qualified expenses and premiums.

There is no "use-it-or-lose-it" requirement like Section 125 flexible spending accounts (FSA). Unused funds in the HRA VEBA account are carried over from year to year. Employees can continue to use their accounts after they separate from service until the funds are exhausted. If the employee passes away, the benefit passes to the surviving spouse or dependent children. Payments to heirs are taxable. Effective October 1, 2009 payments to heir will not be permitted, and unused account balances will be forfeited to the Plan.

Who uses VEBA?

The HRA VEBA plan is available to employees of counties, cities, towns and special purpose districts in Washington, Oregon and Idaho. More than 213 employers in Washington state participate in the HRA VEBA program. The Sultan Fire District (Snohomish County Fire District 26) is a participant. Attachment C is a list of participating employers in Washington State.

Tax-Free Contributions and Withdrawals

The staff recommendation is to fund the HRA VEBA account through a combination of mandatory group monthly contributions (\$50/month) and voluntary sick and vacation leave cash-outs as provided under the City's existing personnel rules.

Tax-free funding of an HRA VEBA account can come from a variety of sources:

1. Mandatory group monthly contributions
2. Cost of Living increases
3. Sick leave, vacation, personal and other leave cash-outs – annually or upon retirement or separation from services
4. Unused monthly benefit dollars
5. Premium savings from lower-cost medical plans
6. Other eligible sources

All contributions, earnings and withdrawals are 100% tax-free. Unlike tax-deferred investments (IRAs, 457 Plans, etc.) which are subject to social security and medicare taxes and merely postpone the payment of federal income tax, the HRA VEBA account is exempt from all of these taxes.

Contributions, earnings and withdrawals are not tax reportable. Contributions are not included as reportable income for any earnings or withdrawals.

Tax Free Investments

Contributions to VEBA accounts are invested in stock market funds such as Vanguard. The HRA VEBA Trust offers two investment alternatives: Option A – Do it yourself; and Option B – Choose a pre-mix. Do-it-Yourself allows employees to build their own asset allocation portfolios using funds from among seven individual asset classes. Pre-mix lets employees select any one of four professionally designed pre-mixed asset allocation portfolios. Pre-mix portfolios are well diversified and designed to meet specific investor goals and objectives.

The earnings from investments are not taxable even at the time of withdrawal.

FISCAL IMPACT:

There is no direct cost to the City other than minimal administrative costs to enroll employees and disburse funds to accounts through payroll deductions.

Under the staff proposal, there are eight eligible non-represented employees. However, it is likely that once the account is established, represented employees may seek to participate in the plan. It will be a Council policy decision whether to extend the plan to other employees and how contributions to the plan would be funded.

RECOMMENDED ACTION:

Discuss the HRA VEBA proposal and direct staff to prepare an adopting resolution to offer the HRA VEBA plan to non-represented employees.

Attachments:

- A. Brochure on VEBA Plan
 - B. List of qualified expenses and premiums
 - C. List of participating employers in Washington State
-

COUNCIL ACTION:

DATE:

HRAVEBA

A HEALTH REIMBURSEMENT
ARRANGEMENT FOR PUBLIC
EMPLOYEES IN THE NORTHWEST
www.hraveba.org

DESCRIPTION OF PLAN BENEFITS

What is the HRAVEBA Plan?

The HRA VEBA plan, formerly known as the MSA VEBA plan, is a tax-free health reimbursement arrangement (HRA) that enables your employer to make tax-free contributions into a special trust account on your behalf. These tax-free funds can then be used to pay or reimburse eligible out-of-pocket healthcare costs and premiums for yourself, your spouse and your qualified dependents.

The HRA VEBA plan is available to employees of counties, cities, towns and special purpose districts in Washington, Oregon and Idaho. School district employees in Oregon and Idaho are also eligible.

The HRA VEBA plan allows you an opportunity to begin saving for out-of-pocket healthcare costs while putting the taxes you save where they belong - back in your wallet!

What is an HRA?

IRS guidance defines an HRA as a health reimbursement arrangement funded by an employer for the purpose of reimbursing out-of-pocket healthcare expenses and premiums

incurred by an employee, spouse or qualified IRS dependents.

In Washington, these arrangements have been commonly referred to as "VEBA" plans for more than two decades. However, the technical term defined by the IRS is "HRA".

What is a VEBA?

A VEBA is a voluntary employees' beneficiary association authorized by Internal Revenue Code Section 501(c)(9). VEBAs are a special type of tax-exempt trust vehicle which provides employee benefits.

Hundreds of public employers in the Northwest have adopted the HRA VEBA Plan - a VEBA program which offers a health reimbursement arrangement (HRA). An HRA provides employees and retirees with a tax-free source of funds to pay or reimburse qualified out-of-pocket healthcare expenses and premiums.

Today, the average public retiree and spouse will spend over \$300,000 in out-of-pocket retiree healthcare costs by age 84! If you are 15 or more years away from retiring, you and your spouse may need \$700,000 or more! Find your current age on the graph below to learn how much you and your spouse will need.

Retiree healthcare expenses can include premiums for medical, dental, vision and tax-qualified long-term care insurance coverage; Medicare Parts B and D; Medicare supplement plan premiums; deductibles; co-payments for office visits and prescription drugs; over-the-counter (OTC) medications, etc.

Out-of-pocket healthcare costs (i.e. annual deductibles, co-payments, dental, vision, etc.) for active employees are increasing as well. Are you doing what is necessary to begin preparing for this growing need?

\$300,000 GROWING COST

Are you prepared?

Governmental employees everywhere are struggling to cope with the rising cost of post-employment healthcare.

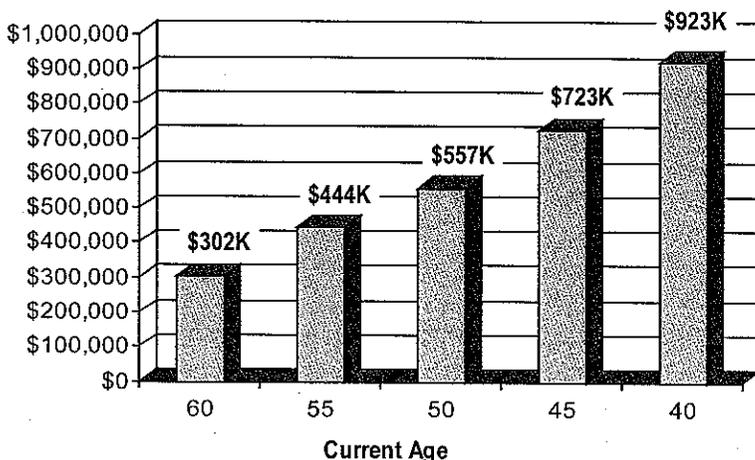
TAX-FREE SOLUTION

What are the tax objectives?

The tax objectives are to enable your employer to make tax-free contributions to the plan on your

Growing Cost of Post-employment Healthcare

For Governmental Employees Retiring at Age 60



The graph to the left shows what a typical public retiree and spouse will likely spend on post-employment healthcare, depending on their current age, using the following basic assumptions:

- Employee and spouse retire today at age 60
- Life expectancy to age 84
- Purchase medical insurance for retiree and spouse to age 65
- Purchase dental insurance plan
- Purchase Medicare Parts B and D and Medicare supplement plan after age 65
- Spend \$500/year on incidental out-of-pocket expenses (deductibles, co-payments, etc.)
- 5% annual increase in premiums and expenses

DESCRIPTION OF PLAN BENEFITS

behalf, for your account to be credited with tax-free investment earnings, and to enable you to obtain tax-free reimbursements for your eligible out-of-pocket healthcare expenses and insurance premiums. Contributions, earnings and withdrawals are not tax reportable. Contributions will not be included on Form W-2 from your employer and you will not receive a Form 1099 for any earnings or withdrawals.

Why should I participate in the HRA VEBA Plan?

Healthcare costs are increasing each and every year. The HRA VEBA plan provides a tax-free source of funds to pay for the growing cost of healthcare expenses for you, your spouse and your qualified dependents. You can use your account anytime, before and after separating employment, to reimburse eligible out-of-pocket expenses. After leaving employment, you can also use your account to pay qualified insurance premiums.



What does "tax-free" really mean?

Your account is exempt from all taxes. All contributions, earnings and withdrawals are 100% tax-free. You could save up to \$300 or more in taxes

for every \$1,000 contributed to the HRA VEBA plan⁽¹⁾.

Contributions to tax-deferred investments such as traditional IRAs or 457, 401(k) and 403(b) plans are subject to Social Security and Medicare taxes, and federal income tax is merely postponed until you make withdrawals.

TAX-FREE CONTRIBUTIONS

How can my account be funded?

There are many potential tax-free funding sources:

1. Lump-sum leave cash outs annually or at separation (i.e. sick, vacation, personal, etc.);
2. Mandatory group compensation change (no individual elections permitted);
3. Premium savings from higher deductible medical insurance plans;
4. Unused employer benefit dollars; and
5. Other miscellaneous sources.

TAX-FREE EARNINGS

What investment options are available?

The HRA VEBA plan's participant-directed investment fund choices can be summarized as follows:

Option A: Do-it-yourself

Build your own asset allocation portfolio using funds from among seven individual asset classes.

Option B: Choose a pre-mix

Select one of four professionally designed pre-mixed asset allocation portfolios with a risk level based on your projected time horizon (i.e. the length of time until you expect to begin filing claims).

Detailed information can be found on the enclosed Investment Fund Information brochure. Please read this information carefully and consult with your personal financial advisor before making an investment decision. The trustees, plan consultant and third-party administrator (TPA) do not give investment advice.

Will my account grow?

Net investment earnings (or losses) after fund management and trust administrative expenses have been deducted are credited tax-free to your account on a monthly basis.

How often can I change the investment allocation of my account?

You can change your investment fund allocation as often as once a month.

MEMBERSHIP ENROLLMENT

When do I become eligible to enroll and participate in the plan?

Typically, after your employer adopts the plan, your union/employee group makes a group decision to determine how the plan will be funded and who will be eligible to participate. Upon meeting the eligibility requirements, simply complete an HRA VEBA plan Membership Enrollment Form and return it to your employee benefits office. You will become a participant and your account will be activated when the TPA receives a contribution from your employer and a completed and signed Membership Enrollment Form on your behalf. IRS rules require that all union/employee group members defined as eligible must participate.

⁽¹⁾Tax savings are approximate.

DESCRIPTION OF PLAN BENEFITS

TAX-FREE WITHDRAWALS

How do I get money out of my account?

Simply mail, e-mail or fax a completed Claim Form to the TPA. You will need to include proper substantiation of your expense such as a detailed receipt or an EOB (Explanation of Benefits) from your insurance provider. Withdrawals from your account can be made only for eligible out-of-pocket healthcare expenses and premiums.

Claims payment is efficient and hassle free. Multiple expenses can be submitted on a single form. Direct deposit is available to make your claims reimbursement even more convenient and secure. You can even reimburse or pay your eligible monthly insurance premiums automatically by submitting a Systematic Payment Form. Claim Forms and Systematic Payment Forms can be obtained online at www.hraveba.org or by contacting the TPA.

When can I begin using my account?

You don't have to wait until you separate from service to begin using your account. After becoming a participant, you can file claims to pay or reimburse eligible out-of-pocket healthcare expenses and premiums for yourself, your spouse and your tax-qualified dependents at any time. Eligible expenses submitted for reimbursement must be incurred after your account is first activated. It's easy to file a claim and payments are processed daily from Spokane.

Is there any "use-it-or-lose-it" requirement?

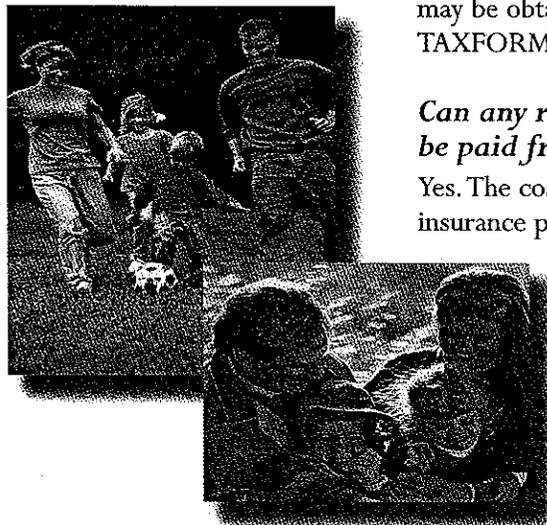
No. Unlike Section 125 flexible spending accounts (FSAs), unused funds in your HRA VEBA account are carried over from year to year.

What happens if I take a leave of absence, resign or retire?

If you take a leave of absence, resign or retire, you may use your account until funds are exhausted.

What happens if I die with funds remaining in my account?

If you are survived by a spouse or dependent children (or other dependents as defined by the IRS), they may submit requests for medical expense reimbursements until your account is used up. If you have no surviving spouse or eligible dependent(s), the funds remaining in your account will be paid as medical expense reimbursements to the heir(s) of your estate. Payments to heirs will be taxable. Effective October 1, 2009, payments to heirs will no longer be permitted, and unused account balances will forfeit to the Plan.



NOTE: IRS Revenue Ruling 2006-36 requires the Plan to discontinue providing reimbursements to heirs for expenses incurred on or after October 1, 2009. This ruling only affects benefits paid to heirs; reimbursements to a surviving spouse or dependent(s) will continue.

What expenses and premiums are eligible?

Eligible expenses for yourself, your

spouse and qualified dependents can include office visits; over-the-counter medications and prescription drug co-payments; annual deductibles; and many other medical, dental and vision costs not covered by your insurance plan(s). All medical, dental, vision, tax-qualified long-term care (subject to IRS limits), Medicare Part B, Medicare Part D and Medicare supplement plan premiums are also eligible. Insurance premiums paid by your employer or deducted pre-tax through a Section 125 Cafeteria Plan are not eligible for reimbursement. A sample listing of eligible expenses can be viewed at www.hraveba.org.

Eligible expenses and premiums are defined in IRC Section 213(d).

Qualified dependents are defined in IRC Section 105(b) and described in IRS Publication 502. IRS publications may be obtained by calling 1-800-TAXFORM or by visiting www.irs.gov.

Can any retiree medical premium be paid from my account?

Yes. The cost of any qualified medical insurance plan you elect to use during retirement can be paid or reimbursed from your account, including Medicare Part B, Medicare Part D and Medicare supplement plans.

How often will I receive an account activity statement?

You will be sent a semi-annual participant activity statement in January and July detailing your account activity.

Can I access my account online?

Yes. Convenient online account access

DESCRIPTION OF PLAN BENEFITS

allows you to view your account activity, update personal information and submit investment fund allocation changes. For online access to your account, visit www.hraveba.org.

Who is the third-party administrator?

REHN & ASSOCIATES, located in Spokane, is the third-party administrator (TPA). Founded in 1961, REHN & ASSOCIATES is an experienced employee benefits administrator with highly-trained staff specializing in HRA administration. The TPA provides all correspondence, accounting and benefit payment services. Please immediately notify the TPA of any address, name or systematic premium payment changes.

Who is responsible for managing the HRA VEBA plan?

The HRA VEBA plan is offered by a non-profit, tax-exempt VEBA trust managed by a board of trustees elected by the plan participants.

What are the trustees' responsibilities?

The trustees are fiduciaries and have a duty to act prudently and in the best interest of all plan participants and beneficiaries.

How are the trust expenses paid?

All expenses of operating the HRA VEBA Trust are paid by a \$1.50/month per account fee, plus an annualized fee of approximately 1%. The annualized fee is paid by a reduction to investment earnings or, if there are not earnings, charged as a deduction to participant accounts.

Trust operating and administrative expenses vary slightly from month to month and include legal fees, consulting, local servicing, printing, postage, auditing, claims processing, account administration, etc.

Where can I get more information?

To learn more, visit www.hraveba.org.

For information regarding your account, questions about claims or to request forms, contact the TPA, REHN & ASSOCIATES, at 1-800-VEBA101 (832-2101).

For general plan information, employer adoption inquiries or to schedule an informational group meeting, contact your representative at the VEBA Service Group, LLC regional office nearest you. In Eastern Washington, Oregon or Idaho, call 1-800-888-VEBA (8322). In Western Washington, call 1-800-422-4023.

HRAVEBA



**A HEALTH REIMBURSEMENT
ARRANGEMENT FOR PUBLIC
EMPLOYEES IN THE NORTHWEST**

CONTACT INFORMATION

THIRD-PARTY ADMINISTRATOR (TPA)

- Account Information Inquiries
- Request Forms
- Premium Payment Inquiries
- Claim Payment Inquiries

REHN & ASSOCIATES
PO Box 5433
Spokane, WA 99205-0433
1-800-VEBA101 (832-2101)
(509) 534-0600
Fax (509) 535-7883
E-mail: hraveba@rchnonline.com

PLAN CONSULTANTS & LOCAL SERVICE

VEBA Service Group, LLC

Eastern Washington
906 West 2nd Avenue, Suite 400
Spokane, WA 99201-4502
1-800-888-VEBA (8322)
(509) 838-5571
Fax (509) 838-5613

Western Washington
920 Alder Avenue, Suite 207
Sumner, WA 98390-1401
1-800-422-4023
(253) 876-1925
Fax (253) 826-1929

WEBSITE: www.hraveba.org

- View Account Information
- View Updated Fund Performance
- Print Forms
- View Plan Information

LEGAL COUNSEL

Katten Muchin Rosenman LLP
525 West Monroe Street
Chicago, IL 60661-3693
Russell Greenblatt

\$300,000 Growing Cost

Do you know the average public employee and spouse retiring today will probably spend well over **\$300,000** in post-employment healthcare costs and premiums? Healthcare expenses for active employees are increasing as well. **Are you doing what is necessary to begin preparing for this growing cost?**

Is there a solution?

Yes. The HRA VEBA plan, formerly known as the MSA VEBA plan, is a **tax-free** health reimbursement arrangement (HRA) that can be used anytime to pay or reimburse qualified out-of-pocket healthcare costs and premiums for yourself, your spouse and your IRS qualified dependents.

What does "tax-free" really mean?

All contributions, earnings and withdrawals are 100% tax-free! You could save up to \$300 or more in taxes for every \$1,000 contributed to the HRA VEBA plan. Unlike your **tax-deferred** investments (IRAs, 457s, etc.) which are subject to Social Security and Medicare taxes and merely postpone the payment of federal income tax, your HRA VEBA account is **exempt** from all of these taxes.

Tax-free Contributions

Tax-free funding of an HRA VEBA account through your employer could come from a variety of sources:

1. Mandatory group compensation exchange (monthly contributions);
2. COLA increase;
3. Sick leave, vacation, personal and other leave cash-outs (annually or upon retirement or separation from service);
4. Unused monthly benefit dollars;
5. Premium savings from lower-cost medical plans; and
6. Other eligible sources.

Tax-free Investments

You can invest your account by choosing either one of two options. **Option A: Do-it-yourself** allows you to build your own asset allocation portfolio using funds from among seven individual asset classes. **Option B: Choose a pre-mix** lets you select any one of four professionally designed pre-mixed asset allocation portfolios with a risk level based on your projected time horizon (i.e. the length of time until you expect to begin filing claims).

Example C: Growth		
Starting Age	Monthly HRA VEBA Contribution	Account Value at Age 65 ²
25	\$100	\$148,856
35	\$100	\$81,870
45	\$100	\$40,746
55	\$100	\$15,499

²Based on average annualized earnings of 5.00%.

Tax-free Withdrawals Anytime

You don't have to wait until you retire to use your HRA VEBA account. You can file claims to pay or reimburse qualified out-of-pocket healthcare expenses and premiums at any time. It's easy to file a claim and payments are processed daily from Spokane.

Death Benefit

If you pass away, remaining funds in your HRA VEBA account may continue to be used by your surviving spouse, qualified dependents or heirs to reimburse eligible healthcare expenses.

NOTE: Pursuant to IRS Revenue Ruling 2006-36, the HRA VEBA plan may no longer provide reimbursements to non-dependent heirs for expenses incurred on or after October 1, 2009. Any positive account balance remaining following the deaths of a participant, their spouse and all dependents will be forfeited. This ruling only affects benefits paid to non-dependent heirs; reimbursements to a surviving spouse or qualified dependent(s) will continue.

Enrollment

When your employee group adopts the HRA VEBA plan and you become eligible to participate, you will be asked to complete a Membership Enrollment Form and submit it to your employee benefits office. All employee group members defined as eligible must participate per IRS rules.

More Information

The HRA VEBA plan allows you an opportunity to begin saving for out-of-pocket healthcare costs while putting the taxes you save where they belong—**back in your wallet!**

To learn more, visit the HRA VEBA website at www.hraveba.org or contact the VEBA Service Group, LLC regional office nearest you. In Western Washington call 1-800-422-4023. In Eastern Washington, Oregon and Idaho call 1-800-888-VEBA.

Example A: Leave Cash-Out				
	Cash-Out Amount	25% Income Tax	7.65% FICA Taxes	Net Amount
Taxable Wages	\$10,000	<\$2,500>	<\$765>	\$6,735
HRA VEBA Contribution	\$10,000	n/a	n/a	\$10,000
HRA VEBA saves \$3,265 in taxes!¹				

Example B: Monthly Payroll Contributions			
HRA VEBA Contribution	Monthly Tax Savings ¹	Take-Home-Pay Difference	Annualized Tax Savings ¹
\$50	\$15	\$35	\$180
\$100	\$30	\$70	\$360
\$150	\$45	\$105	\$540

¹Tax savings are approximate.

Qualified Expenses and Premiums

► Filing Claims

Participants may request reimbursements by submitting a properly completed and signed Claim Form along with proof of claim to the third-party administrator, REHN & ASSOCIATES.

Reimbursements or payments of recurring medical, dental, vision and/or tax-qualified long-term care insurance premiums may be requested using a Systematic Payment Form. Insurance premiums that are paid by your employer or that are or could be deducted pre-tax through a Section 125 cafeteria plan are not eligible for reimbursement. If you are a participant in a Section 125 healthcare flexible spending account (FSA), you must exhaust your FSA benefits before submitting an eligible claim.

► IRS Definition of Qualified Expenses and Premiums

Internal Revenue Code Section 213(d) defines qualified expenses, in part, as "medical care" amounts paid for insurance or "for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body..." To be eligible, these expenses must be to alleviate or prevent a physical defect or illness. Expenses solely for cosmetic reasons generally are not considered expenses for medical care. Examples include facelifts, hair transplants and hair removal (electrolysis). Expenses that are merely beneficial

to your general health (e.g., vacations) are not expenses for medical care. One fact or circumstance that often, but not always, indicates that medical care involves the treatment or prevention of disease is whether the care is prescribed by a physician. A mere suggestion by a physician probably is not enough. In addition, there should be a doctor-patient relationship between you and the physician prescribing the care, and the physician must be properly licensed.

► Over-the-Counter (OTC) Medicines and Drugs

Quantities purchased for reimbursement should be limited to reasonable quantities expected to be consumed in a reasonable period of time. Typically, two bottles of an item in any one reimbursement is the limit. Sales tax on OTC items purchased can be included in the reimbursement. "Covered Items" include OTC drugs, medications and treatments intended for use in the diagnosis, cure, mitigation, treatment or prevention of disease or injury. "Dual-purpose Items" may have a medical purpose and a personal/cosmetic or general health purpose. In this case, attach a note to your Claim Form from a licensed medical provider stating the beneficiary had a specific medical condition for which the item was purchased. "Excluded Items" are those used primarily for general health and well being.

The following is not a complete list, but contains many common qualified expenses and premiums.

MOST COMMON EXPENSES

Co-pays
Coinsurance
Deductibles
OTC medicines & drugs

INSURANCE PREMIUMS

Medical
Dental
Vision
Long-term care (tax-qualified, subject to IRS limits)
Medicare Part B
Medicare Part D
Medicare supplement plans

SERVICES and FEES

Acupuncture
Anesthetist
Chiropractor
Christian Science
Dentist
Eye exams
Gynecologist
Hospital
Laboratory
Naturopath
Nursing
Obstetrician
Oral surgery
Ophthalmologist
Optometrist
Orthodontist

Osteopath
Physicals
Physician
Physiotherapist
Psychiatrist
Psychologist
Sex therapist
Specialists

MILITARY RETIREES (TRICARE)

Co-pays
Coinsurance
Deductibles
Vision
Miscellaneous

Premiums:

EXTRA
Medicare Part B
Medicare Part D
PRIME (HMO)
PRIME supplement
Retiree dental
Standard

OTHER EXPENSES

Adoption (medical expenses incurred before adoption is finalized)
Air conditioning and air filters used for alleviating illness
Alcoholism and drug treatment center costs

Ambulance hire
Birth control pills
Contact lenses, solutions, etc.
Eye glasses
Fertility treatments
Food & beverage for specific diseases
Hearing aids & batteries
Immunizations
Laser eye surgery
Learning disability (special school or specially trained educator, recommended by doctor)
Lifetime care at medical facility
Lodging (for medical care or treatment)
Medical supplies and equipment
Norplant insertion or removal
Obstetrical expense
Operations
Organ transplants
Orthodontia
Physical therapy
Prescription medicines
Retirement home (costs allocable to medical care)
Seeing-eye dog
Stop smoking programs
Student health fees
Telephone for deaf (TTY)

Therapy treatments
Transportation (subject to IRS limits)
Vaccines
Vasectomy
Viagra
Wheelchair
X-rays

OTC MEDICINES and DRUGS

Covered Items:

Allergy medicines
Antacids
Anti-diarrhea medicines
Bug bite medication
Calamine lotion
Cold medicines
Cough drops
Diaper rash ointments
Eye products (i.e. Visine®)
First aid creams/liquids
Hemorrhoid creams
Menstrual pain & cramp relief
Motion sickness pills
Muscle or joint ache pain relievers (i.e. BENGAY®)
Nicotine gum/patches
Pain relievers
Sinus medications
Sleeping aids
Sunburn ointments
Suppositories

Wart removal treatments

Dual-Purpose Items:

Acne medications
Dietary supplements or herbal medicines
Feminine hygiene products
Glucosamine/Chondroitin for arthritis
Menopause treatments for hot flashes, sweats
Nasal sprays for snoring
Orthopedic shoes & inserts
Prenatal vitamins
St. John's Wort
Sunscreens
Weight loss drugs

Excluded Items:

Cosmetics
Face creams
Lip moisturizers (i.e. ChapStick®)
Medicated shampoos
Soaps
Toiletries
Tooth brushes (including electronic)
Toothpastes
Vitamins

Questions? Call the third-party administrator, REHN & ASSOCIATES, at 1-800-832-2101.

CITIES & TOWNS

City of Airway Heights
 City of Arlington
 City of Auburn
 City of Bay City
 City of Burien
 City of Cashmere
 City of Centralia
 City of Chehalis
 City of Chelan
 City of Cheney
 City of Cle Elum
 City of Coeur d'Alene
 City of Columbia City
 City of Cottage Grove
 City of Ellensburg
 City of Federal Way
 City of Fife
 City of Forest Grove
 City of Forks
 City of Grandview
 City of Gresham
 City of Hillsboro
 City of Independence
 City of Kalama
 City of Lake Oswego
 City of Leavenworth
 City of Lewiston
 City of Longview
 City of Medford
 City of Milwaukie
 City of Molalla
 City of Monroe
 City of Newburg
 City of Oregon City
 City of Palouse
 City of Pasco
 City of Pendleton
 City of Philomath
 City of Phoenix
 City of Pilot Rock
 City of Portland
 City of Post Falls
 City of Poulsbo
 City of Pullman
 City of SeaTac
 City of Seattle
 City of Selah
 City of Spokane
 City of St. Helens
 City of Sunnyside
 City of Tacoma
 City of Talent
 City of Tigard
 City of Tukwila
 City of Tumwater
 City of Vancouver
 City of Yakima

Town of Odessa

COUNTIES

Adams County
 Benton County (WA)
 Chelan County
 Columbia County (OR)
 Coos County
 Cowlitz County
 Curry County
 Douglas County (WA)
 Franklin County
 Grant County
 Kittitas County
 Klamath County
 Kootenai County
 Mason County
 Multnomah County
 Nez Perce County
 Okanogan County
 Pend Oreille County
 Spokane County
 Stevens County
 Tillamook County
 Yakima County
 Yamhill County

SPECIAL PURPOSE DISTRICTS

Alderwood Water & Wastewater District
 Annapolis Water District
 Beacon Hill Sewer District
 Benton County PUD
 Benton Franklin Health District
 Ben Franklin Transit
 Birch Bay Water & Sewer District
 Boring Fire District
 Canby Fire District No. 62
 Cannon Beach Rural Fire Protection District
 Cascade Valley Hospital
 Cedar River Water & Sewer District
 Chelan County PUD
 Clallam County PUD No. 1
 Clallam Transit System
 Clark County Fire District #11
 Clark County PUD
 Clatskanie PUD
 Coburg Fire Board
 Columbia 911 Communications District
 Columbia River PUD
 Covington Water District
 Cowlitz County Fire District No. 5
 Cowlitz County PUD
 Crescent Rural Fire Protection District
 Cross Valley Water District
 Douglas County PUD No. 1
 Duvall Fire
 East Wenatchee Water District

Energy Northwest
 Eugene Water & Electric Board
 Ferry County PUD
 Franklin County Emergency Management
 Franklin County PUD
 Grant County PUD No. 2
 Grays Harbor County PUD
 Greater Columbia Behavioral Health
 Green Sanitary District
 Hood River School District
 Karcher Creek Sewer District
 Keizer Rural Fire Protection District
 King County Water District No. 20
 King County Water District No. 45
 King County Water District No. 49
 King County Water District No. 83
 King County Water District No. 111
 King County Water District No. 125
 Kitsap County Fire District No. 18
 Kittitas County PUD No. 1
 Klickitat County PUD No. 1
 Kootenai Medical Center
 Lake Chelan Reclamation District
 Lakeland Joint School District No. 272
 Lake Roosevelt Development Association
 Lake Stevens Fire District
 Lake Whatcom Water & Sewer District
 Lakehaven Utility District
 Lane Transit District
 Lewis County PUD
 Lewiston Orchards Irrigation District
 Link Transit
 Mason County PUD No. 1
 Medford Water Commission
 Midway Sewer District
 Morrow County School District
 Mukilteo Water District
 Nestucca Rural Fire District
 North Lincoln Fire & Rescue District
 North Perry Avenue Water District
 Northern Wasco County PUD
 Okanogan County PUD No. 1
 Olympic View Water & Sewer District
 Pend Oreille County PUD
 Peninsula Light Company
 Pierce County Fire District No. 8
 Pierce County Fire District No. 22
 Pierce County Library System
 Pleasant Hill Rural Fire District
 Port of Bremerton
 Port of Centralia
 Port of Chehalis
 Port of Ephrata
 Port of Kalama
 Port of Longview
 Port of Moses Lake

Port of Olympia
 Port of Peninsula
 Port of Port Angeles
 Port of Seattle
 Port of Skamania County
 Port of Tacoma
 Port of Vancouver
 Portland Firefighters
 Ronald Wastewater District
 Salem-Keizer Transit
 Sandy Rural Fire
 Shoreline Fire Department
 Shoreline Water District
 Silverdale Water District
 Silver Lake Water District
 Skamania County PUD No. 1
 Skyway Water & Sewer District No. 3
 Snohomish County Fire District No. 3
 Snohomish County Fire District No. 4
 Snohomish County Fire District No. 5
 Snohomish County Fire District No. 7
 Snohomish County Fire District No. 26
 Soos Creek Water & Sewer District
 South King County Water District
 South Lane Fire & Rescue
 Southwest Suburban Sewer District
 Spokane County Noxious Weed Board
 Spokane Transit Authority
 Springfield Utility Board
 Stevens County PUD
 Tangent Rural Fire Protection District
 Thurston County Fire District No. 1
 Thurston County Fire District No. 11
 Thurston County Fire District No. 13
 Tillamook PUD
 Tillamook County Emergency Commission District
 Tri-County Economic Development District
 Tualatin Valley Water District
 Valley Regional Transit
 Valley Water District
 Val Vue Sewer District
 Vera Water & Power
 Washington Cities Insurance Authority
 Whitworth Water District No. 2
 Woodinville Water District
 Yamhill County Housing Authority
 Yelm Fire District

Total Employers: 213

The HRA VEBA plan is a tax-free health reimbursement arrangement (HRA) for governmental employees in Washington, Oregon and Idaho. For more information, please contact a VEBA Service Group, LLC representative near you. In Eastern Washington, Oregon or Idaho, call 1-800-888-VEBA (8322). In Western Washington, call 1-800-422-4023.