



6 Reasons You Need Debit Cards with Your HRA-Based Plan Designs

Are your HRAs helping advance true consumerism?

The premise for which consumer directed healthcare and tax-advantaged accounts exist in is relatively simple:

The more aware consumers are of their healthcare cost, the more care- and cost-conscious they become. This basic premise often results in lower long-term premiums, increased enrollment in HSA-eligible plans, and generally savvier healthcare consumers. Said another way, funds are spent differently when they belong to the consumer.

Your HRAs: Debit cards or auto-payment?

Enter the age-old debate: Debit cards vs. auto-pay. What makes the most sense for your health benefit program?

While it may often make sense to leverage auto-payment with HRA-based plans, the reality of the situation is that it disenfranchises the very foundation of the consumerism premise and your cost-curving lynchpin: The consumer!

When a consumer is presented a balance due, pulling out a debit card to facilitate payment is a highly-conscious decision made by the consumer. It's a non-verbal acknowledgment by the consumer: "I am going to pay for these goods/services, in this amount, using this form of payment." Leveraging the debit card as a means to pay is a critical component of the consumerism imperative – and, an important component in driving true consumerism and lower costs (the end goal for all)!

Overcoming the HRA anti-card enthusiasts

Trust us, we've heard it all: HRAs are too difficult to card, debit cards create noise/dissatisfaction with HRAs, and it's too expensive for us. Some of these objections are rooted in truth, however, many of these objections are outdated and obsolete – due in large part to BBPadmin's technology platform advancement.

Objection	Reality
Debit cards get declined and create unnecessary noise – why don't we just approve the claim?	90% of BBPadmin debit card transactions are approved in real-time.
I'd rather just have payment happen behind the scenes	You've missed a critical opportunity to engage the consumer – what happens next year if/when they enroll in an HSA-eligible plan and don't understand how this all works?
There is far too much complexity and plan variance to card an HRA	There are more than 13 types of common HRA plan designs where you can/should use debit card as the only method of payment.

Debit cards can be easy: 6 strategies and plan designs that work well with debit cards

Unsure as to whether or not your plan is well-suited for a debit card? This list includes some of the more common plan designs that make debit cards easy to implement:

1. HRA pays first dollars toward only the deductible – The HRA reimburses the consumer deductible (with or without a stacked FSA)
2. HRA pays 'second' toward only the deductible – The HRA reimburses after the consumer meets their cost responsibilities (with or without a stacked FSA)
3. HRA pays first dollars toward deductible and other claim types, such as: medical, Rx, co-pays, and co-insurance (with or without a stacked FSA)
4. HRA pays 'second' toward deductible and other claim types, such as: medical, Rx, co-pays, and co-insurance (with or without a stacked FSA)
5. An HSA-eligible plan with a post-deductible HRA – in which the HSA pays first, until the deductible has been met, then the HRA becomes the payment method (can be delivered via a single debit card)
6. HRA pays for all 213 D-eligible expenses (with or without a stacked FSA)

When NOT to card an HRA

Reality: We can't card all HRA plan designs. There remain some plans that are too difficult for consumers, employers, and insurers to manage. These plans include:

- Plans where the HRA reimburses a percentage of the claims – such as deductibles, medical and Rx co-pays, and co-insurance. This also includes those plans with a stacked flexible spending account (FSA)
- HRA embedded deductibles. This also includes those plans with a stacked FSA.
- Bridged HRAs – plans in which the HRA covers a pre-established amount, followed by consumer contributions, and subsequent HRA benefit. This also includes those plans with a stacked FSA.



For more information, call 630-773-2337

To learn more about helping employees become true consumers of healthcare, or with questions about how debit cards can impact cost savings, please contact your Account Manager.

