



Important Information Regarding HRAs, FSAs, and GLP-1 Weight-loss Medications

We are writing today with some important reminders for public school employees covered by VEHI concerning their HRAs, FSAs, and the use of these accounts for paying for GLP-1 medications, as well as an FYI about a **potential problem**.

1) **HRA reminder:** Public-school employees have a Health Reimbursement Arrangement (HRA) funded by their SU/SD as part of their collectively bargained agreement for health care benefits. The agreement permits the HRA to cover an employee's cost-share for eligible services until the HRA is exhausted. (The amount of the HRA depends on an employee's tier of coverage and work classification.)

Please note: Per the Statewide Bargaining Agreement, an HRA cannot be used to pay for services or items that are not a covered benefit under a health plan.

- An HRA should be used to pay for covered office visits and hospital care, prescriptions and other medical services, the costs of which are applied to your health plan's deductible.
- An HRA should not be used to pay for services that are not covered by your health plan – for example, in VEHI's case, acupuncture or over-the-counter medications, neither of which is a covered benefit.

2) **FSA reminder:** Most public-school employees are offered a Flexible Spending Account (FSA).

- An FSA is voluntary and funded by the employee.
- It can be used for services covered by the health plan after the HRA is exhausted.
- It can also be used for services not covered by the health plan, like dental or vision services, or other care services allowed by the IRS and explained in its Publication 502: [Qualified Medical Expenses](#).

3) **GLP-1 Medications reminder:** VEHI made the difficult decision this year to exclude weight-loss medications beginning on 1/1/26 (including but not limited to: Saxenda, Zepbound and Wegovy). If a member continues to purchase these prescriptions at a pharmacy, they can use FSA dollars, HSA dollars, or pay out of pocket.

- Since these prescriptions are **not eligible** for coverage under any VEHI health plan, they **cannot** be purchased with HRA dollars.

Problem Alert

VEHI has identified a payment problem that arises when a member who intended to use FSA funds on their joint HRA/FSA card at a pharmacy to purchase a non-covered GLP-1 prescription inadvertently used HRA funds instead to pay for the medication. This can also happen with an HRA card that is not associated with an FSA.

How does this happen?

An HRA card, unfortunately, is unable to detect if a GLP-1 weight-loss prescription (or another non-covered medication or product) is a non-covered benefit by VEHI or an insurance carrier. A pharmacy's coding system can verify that an HRA card is qualified to purchase an IRS-qualified prescription drug. However, from what we have learned, a pharmacy's coding system cannot flag at the point of sale a medication that is a non-covered benefit under a particular health plan...and, thus, the coding system cannot alert the pharmacist that HRA dollars should not be used to purchase it.

In other words, a medication may qualify for an HRA transaction under IRS rules but still be ineligible for purchase with HRA dollars because the medication is not a covered benefit under a health plan.

We are working with our vendor partners to be sure they are aware of this issue, especially with respect to GLP-1 medications for weight loss. Additionally, steps have been taken by some vendors to identify purchases of weight-loss medications since January 1 that should not have been processed with HRA dollars because the medications are not covered by VEHI. VEHI will continue to work with vendors on this issue. This is not necessarily a new issue, however, with the cost of GLP-1s being so high, it quickly highlighted the issue.

What should a member do if their HRA funds were inappropriately used to cover their GLP-1s (or other non-covered expenses)?

If the employee/member intended to pay for their GLP-1 medication with their FSA, they should contact their vendor to move the claim from the HRA to the FSA. If the member does not have an FSA, or their FSA is exhausted, **they will be asked by their HRA vendor to repay the cost of the non-covered prescription to the HRA.**

Why is this issue important?

Two reasons. If HRA dollars are used for non-covered prescriptions (or to pay for other non-covered services and products), school districts will pay more in HRA dollars than agreed to. Also, and very importantly to employees, if HRA dollars are used for non-covered services, they will not be available to pay for covered medical services and products that apply to the deductible.

If employees have questions on what services were applied to their deductible, they should review their claims on the [Blue Cross of Vermont Member Resource Center](#) or contact Blue Cross VT customer service at 800-344-6690, M-F, 7:00 am – 6:00 pm. If they have questions on a card transaction, they should contact their HRA vendor for more information. Please pass this information along to employees. Thank you.

The information above applies to GLP-1s used exclusively for weight loss. It does NOT apply to VEHI subscribers who are prescribed GLP-1s to treat diabetes and cardiovascular conditions linked to obesity. HRA dollars can be used to purchase GLP-1 medications for these conditions when prior approval, consistent with current practice, has been obtained.

Learn more about VEHI coverage of GLP-1s by reading our [email regarding exclusion of GLP-1s for weight loss](#).

This notification has been sent to School Business Officials, Human Resources Professionals, Local Union Officials and other Health Plan Employer contacts.

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