

IAA Legislative Ledger



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Page | 1

Employees Working For Small Employers Get Some Financial Relief

QUALIFIED SMALL EMPLOYER HEALTH REIMBURSEMENT ARRANGEMENT (QSEHRA)

Our President, Barack Obama Still Hard at work during his last few weeks in office. The President recently signed into law a program that will allow small employers (50 employees or less) to create a Health Reimbursement Arrangement different than the Affordable Care Act currently allows.

The legislation also covers a broad range of other health-related topics, including medical research, drug development, mental health care, and Medicare.

QSEHRA Highlights That Small Employers Should Know:

- May be offered only by employers that do not offer a group health plan and
- Are not “applicable large employers” (ALEs) as defined in IRC 4980H(c)(2)
- Plan to be offered on same terms to all employees. Exceptions for employees with fewer than 90 days of service, those under age 25, and certain part-time and seasonal employees.
- HRA can be a “stand alone” (no longer tied to a health plan to cover items like deductibles, coinsurance, etc).
- Like normal HRA’s it can reimburse medical care expenses (as defined in IRC 213(d))

- Additionally, coverage can reimburse premiums for ACA Exchange Plans, Individual and Medicare supplemental policies.
- Benefit Amount Maximum \$4,950 and \$10,000 per year for single and family coverage respectively. The above available amount will be considered when calculating employee ACA tax credits.

EMPLOYEE NOTICE REQUIREMENT

Since the HRA can reimburse ACA Exchange Premiums, it will be required to provide the employee advance notice of the benefits effective date. In the employers notice, employees must be instructed to provide the Exchange information about the HRA and its available funding maximum. This is important if the employee is looking to get advanced tax credits on the purchase of an exchange program because the HRA benefit could impact the amount of tax credit.

Lastly, we have developed a simplified process and competitive cost to implement and administer this program. Remember it is only available to employers with less than 50 employees.

Please contact brian@iaatpa.com for a proposal.

*Thank you,
Paul Kelly, President*