

# Agent and Broker Video on Health Reimbursement Arrangements

## Video Description

**Title:** Health Reimbursement Arrangements: Agent and Broker Guide

**Description:**

In June 2019, the Departments of the Treasury, Labor (DOL), and Health and Human Services (HHS) issued a final rule to expand the use of Health Reimbursement Arrangements (HRAs). In this video, the Centers for Medicare & Medicaid Services (CMS) provides an overview of the new types of HRAs available to employers, to ensure agents and brokers have basic knowledge on HRAs to assist employers and individuals with questions about the new types of HRAs.

Additional resources referenced in this video:

To learn more about the different employee classes – as well as to see all potential classes – see Question 5 in [FAQs on New Health Reimbursement Arrangements](#).

To access the employer HRA affordability tool, click [here](#).

Find out more about the employer notice and see the model notice [here](#).

To learn more about QSEHRA, visit [HealthCare.gov](#).

See the [Agents and Brokers in the Health Insurance Marketplaces](#) webpage for additional information on working in the Health Insurance Marketplace.

**Key Words:** HRA, ICHRA, EBHRA, health reimbursement arrangements, agent, broker, CMS, healthcare, health insurance, health coverage, group health plan, individual coverage, Marketplace, Affordable Care Act, Open Enrollment, premium tax credit



## Script

Scene	Script
1	<p>Welcome to the Agent and Broker Video Learning Center. In this video, we'll provide an overview of several types of health reimbursement arrangements, or HRAs: the individual coverage HRA, Excepted Benefit HRA, and qualified small employer HRA.</p> <p>Let's get started.</p>
2	<p>Regulations from the Departments of the Treasury, Labor, and Health &amp; Human Services expanded the availability of certain health reimbursement arrangements, or HRAs, that can be used to provide employees with additional options to obtain, quality, affordable health coverage.</p>
3	<p>An HRA is an account-based group health plan funded solely by employer contributions that reimburses an employee's medical care expenses, and those of any covered dependents. HRA reimbursements for qualified medical expenses are excluded from the employee's income for federal income tax and employment tax purposes.</p>
4	<p>As you help employers understand their coverage options and whether to offer an individual coverage HRA to their employees, it's important for employers to understand several requirements and considerations.</p> <p>Under the individual coverage HRA rules, employers can offer an individual coverage HRA, which provides money on a pre-tax basis for employees to use on qualified medical care expenses, including the cost of individual health insurance coverage premiums and Medicare. To accept and keep an individual coverage HRA offer, employees must enroll in individual health insurance coverage or Medicare Parts A and B, or Part C.</p>
5	<p>For the purposes of offering an individual coverage HRA, employers can establish classes of employees based on specified criteria, like status as a full-time or part-time employee, or a salaried or non-salaried employee. For more information on the allowable classes, check the video description below, which includes an FAQ on the regulations.</p> <p>Employers generally have to offer an individual coverage HRA on the same terms to all employees within a specific class, although the amounts offered may be greater for older employees (within limits) and for employees with more dependents. There is no limit on how much employers may contribute to the individual coverage HRA each year, and employers can allow unused amounts in any plan year to roll over from year to year.</p>
6	<p>However, employers can maintain a traditional group health plan for current employees while beginning to offer individual coverage HRAs to new hires in the same class of employees. The rule does not allow any class of employees to be offered both a traditional group health plan and an individual coverage HRA.</p>
7	<p>The rules for the classes may allow employers to offer health benefits for the first time to employees to whom they have not previously offered coverage, such as part-time or seasonal employees.</p> <p>Additionally, an individual coverage HRA that is affordable is deemed to meet the minimum value standard, so applicable large employers will not be subject to an employer shared responsibility payment if their individual coverage HRA offer is affordable to their employees.</p>



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8	<p>Depending on the affordability of an employer’s offer, the individual coverage HRA offer could impact an employee’s eligibility for a premium tax credit. If the individual coverage HRA offer is considered affordable for an employee, the employee will not qualify for a premium tax credit that would reduce the cost of individual coverage purchased through HealthCare.gov or a State-based Exchange, even if the employee turns down the individual coverage HRA offer.</p> <p>If the individual coverage HRA is not affordable for an employee, the employee may receive a premium tax credit if they opt out of the individual coverage HRA and otherwise qualifies for the tax credit. If the employee chooses to accept the employer’s individual coverage HRA offer, regardless of whether it’s affordable, they will not be eligible for a premium tax credit.</p> <p>You may be wondering, what determines if an offer is affordable for an employee? An individual coverage HRA is considered affordable if the premium the employee would pay for the lowest cost self-only silver plan, after their self-only HRA reimbursement amount, does not exceed a certain percentage of their household income. This percentage is called the required contribution percentage. The required contribution percentage is published annually on <a href="https://www.irs.gov">IRS.gov</a> and <a href="https://www.healthcare.gov">HealthCare.gov</a>.</p>
9	<p>A downloadable tool is available to help applicable large employers determine how much to contribute to an individual coverage HRA to make it affordable, in order to help large employers comply with the employer shared responsibility payment requirements. This tool gives employers access to health insurance premium data by geographic location, providing specific rate information for the lowest cost silver plan based on an eligible employee’s age and geography.</p> <p>To access the tool directly, follow the link in the description below.</p>
10	<p>An employer offering an individual coverage HRA must give a written notice to its employees, generally at least 90 days before the start of the individual coverage HRA’s plan year. Note that the employer notice must include important information about the individual coverage HRA, such as the dollar amount of the offer and whether the offer extends to dependents, among other things. You can learn more about the employer notice by following the link in the description below.</p>
11	<p>The individual health insurance coverage employees purchase with an individual coverage HRA will not be considered part of an employer-sponsored group health plan and subject to ERISA if certain conditions are met. Under these conditions, the employer may not select, endorse, or favor any particular issuer or insurance coverage and cannot limit their employees’ ability to use their individual coverage HRA with any individual health insurance coverage option that would otherwise be available to them. Additionally, the employer or other individual coverage HRA plan sponsor may not receive any consideration in the form of cash or otherwise in connection with the employee's selection or renewal of any individual health insurance coverage. Also, the purchase of any individual health insurance coverage must be completely voluntary, reimbursement for non-group health insurance premiums must be limited solely to individual health insurance that does not consist solely of excepted benefits, and each plan participant must be notified annually that the individual health insurance coverage is not subject to ERISA.</p>



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12	Also, an employer wanting to take advantage of a Cafeteria Plan to allow the employee portion of a premium to be pre-tax cannot do so for coverage purchased through HealthCare.gov or a State-based Exchange – meaning employees have to buy the individual coverage off-Exchange under such circumstances.
13	<p>The Treasury, Labor, and HHS regulations also created another, limited kind of HRA known as the Excepted Benefit HRA. This type of HRA permits employers offering a traditional group health plan to reimburse employees that are also offered the group health plan for their additional medical care expenses. Employees may use these Excepted Benefit HRAs even if they do not enroll in the traditional group health plan. These HRAs must be made available under the same terms to all similarly situated individuals, regardless of any health factor.</p> <p>Excepted benefit HRAs are limited in amount – employer contributions may not exceed \$1,800 per year, indexed for inflation. These HRAs can generally reimburse premiums for:</p> <ul style="list-style-type: none"> <li>• COBRA or other continuation coverage,</li> <li>• Short-term, limited-duration coverage, or</li> <li>• Excepted benefits, such as dental and vision.</li> </ul> <p>They generally cannot be used to reimburse premiums for group or individual coverage or for Medicare.</p>
14	Small employers, generally those with fewer than 50 full-time employees, have access to another type of HRA: a qualified small employer health reimbursement arrangement, or QSEHRA. Small employers that don't offer group health plan coverage to any of their employees can provide a QSEHRA to their eligible employees to help them pay for medical care expenses, including the cost of premiums for qualifying health coverage. An eligible employee can use a QSEHRA to reimburse their medical care expenses and those of any covered dependents, if permitted by the employer.
15	The amount an employee receives in a QSEHRA will also affect their eligibility for a premium tax credit, as well as the amount. When an employee applies for coverage through Healthcare.gov or a State-based Exchange and they are determined eligible for advance payments of the premium tax credit, the advance payment amount shown on their eligibility notice won't account for the QSEHRA amount they receive from the employer. For this reason, an employee may not want to use all of the advance payments for which they are eligible.
16	We hope this video was helpful! If you are interested in learning more about individual coverage HRAs, visit the resources linked in the description below. Thank you for watching!