

Assisting Consumers with Offers of Individual Coverage Health Reimbursement Arrangements



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Let's Get Started

Which way do I go? Employer-sponsored coverage, HRA, Marketplace coverage.

It can be like travelling without a road map when a consumer tries to choose the best health coverage option for their family. Is it employer-sponsored coverage (ESC)? A Health Reimbursement Arrangement (HRA)? Marketplace coverage?

If a consumer's employer offers traditional job-based health coverage or a Health Reimbursement Arrangement (HRA), including an Individual Coverage HRA (ICHRA) or a Qualified Small Employer HRA (QSEHRA), it's important for the consumer to understand their options before they act.

Can you answer these questions?

1. How is an ICHRA or QSEHRA different from traditional health coverage?
2. Will an HRA offer affect a consumer's eligibility for Marketplace coverage?

In this module, you will help two consumers who are offered two different types of HRAs by their employers. One is offered an **ICHRA** and another is offered a **QSEHRA**.

Let's guide each consumer through their offer and help them update their Marketplace application.

Before continuing this module, you should review [HealthCare.gov/job-based-help](https://www.healthcare.gov/job-based-help) and the webinar on [Health Reimbursement Arrangements](#) for more information about HRAs.

What You Need to Know

An HRA isn't traditional health coverage through a job. Before you get started, let's review some general information about HRAs and eligibility for Marketplace savings.

How does an HRA work?

An employer chooses a dollar amount they'll make available for reimbursing medical expenses instead of offering a traditional health plan.

An employee must buy their own health plan or enroll in Medicare to use certain types of HRAs. An employee generally pays for monthly premiums and other qualifying medical expenses, then requests reimbursements through the HRA.

Before taking any action with an HRA from an employer, it is important to determine whether an employee's offer of an ICHRA or QSEHRA is affordable. How do you do that?

For Plan Year (PY) 2023, an ICHRA is **not** considered affordable for an employee or for any dependents to whom the HRA is offered if the monthly premium for the lowest-cost Silver plan for self-only coverage in the employee's area minus the monthly amount made available just to the employee (or the monthly maximum amount available to the employee under the ICHRA if the ICHRA provides for reimbursements up to a single dollar amount regardless of whether an employee has self-only or other-than-self-only coverage) under the HRA ("required contribution") is more than 9.12 percent* of 1/12 of the employee's household income for the tax year.

For PY 2023, a QSEHRA is **not** considered affordable for an employee or for any dependents to whom the HRA is offered if the monthly premium for the second-lowest-cost Silver plan for self-only coverage in the employee's area minus the monthly amount made available just to the employee under the HRA ("required contribution") is more than 9.12 percent* of 1/12 of the employee's household income for the tax year.

Note: This percentage is indexed yearly.

Comparison

Review the below information to identify the key differences and similarities between affordability for ICHRAs and QSEHRAs.

Employers can offer this HRA type to reimburse employees for their medical care expenses/premiums:

- ICHRAs - Yes, employers of all sizes may offer an ICHRA
- QSEHRAs - Yes, employers with fewer than 50 full-time employees may offer a QSEHRA

Affordability determined using...:

- ICHRAs - Employee's self-only **lowest-cost Silver plan (LCSP)** premium
- QSEHRAs - Employee's self-only **second-lowest-cost Silver plan (SLCSP)** premium

If coverage through the HRA is unaffordable...:

- ICHRAs - Employee must opt out of ICHRA to be premium tax credit-eligible, if they otherwise qualify for a premium tax credit
- QSEHRAs - Employee should reduce their monthly APTC by their monthly QSEHRA amount

Note that employees and their dependents who newly gain access to an ICHRA or QSEHRA may qualify for a *Special Enrollment Period (SEP)* to enroll in individual coverage through or outside of the Marketplace.

What You Need to Do

Let's look at some real-world scenarios you may encounter when working with consumers with an ICHRA or QSEHRA offer.

Scenario Directions: This area contains directions for each scenario. Open and close it anytime using the three (3) lines between the scenario and this section. Select **Continue** to proceed to the next screen.

Appointment: Ray

Your first appointment of the day is with Ray. Ray currently has Marketplace coverage and uses advance payments of the premium tax credit (APTC) to help pay for his premium costs.

Scenario Directions: Select **Continue** to proceed to the next screen.

Ray works full-time as a groundskeeper and has an estimated household income of \$32,000. He lives in New Castle County, Delaware and is 34 years old. He is single and has no dependents. He is currently enrolled in Marketplace coverage with APTC.

Scenario Directions: Select **Continue** to proceed to the next screen.

Last week, Ray got a notice that his employer will begin offering its employees an ICHRA starting on February 1, 2023.

He needs your help to determine whether his offer of an ICHRA is affordable before he decides whether to accept the offer.

Scenario Directions: Select **Continue** to proceed to the next screen.

Assister Tip:

When assisting consumers with an offer of an ICHRA or QSEHRA, make sure they bring their employer notice of an HRA offer. This notice includes key information about their HRA, such as the dollar amount of the HRA offer, the date that coverage under the HRA may begin, and whether the offer extends to dependents.

Scenario Directions: Select **Continue** to proceed to the next screen.

To determine the affordability of his ICHRA offer, Ray should use the [HRA online affordability tool](#).

Scenario Directions: To use the HRA online affordability tool, consumers will need to enter their zip code. Ray enters his zip code, 19805, and selects the **Get started** button.

Scenario Directions: Ray needs to select which HRA type he is offered. Select the radio button next to the correct HRA type, then select the **Continue** button.

Correct selection: Individual coverage HRA

Scenario Directions: After selecting the HRA type, Ray needs to enter the dollar amount of the HRA. Ray's ICHRA offer will reimburse \$200 of his medical expenses monthly.

Enter this dollar amount, select **Monthly** and the **Continue** button.

Correct! Ray's employer will pay \$200 of his medical expenses monthly.

Scenario Directions: Ray entered his expected yearly household income and his age. Select the **Get my results** button to find out if Ray's ICHRA offer is affordable.

Scenario Directions: Review Ray's results, then select the **Continue** button.

Scenario Directions: Select the appropriate answer.

Based on the information gathered, is Ray's ICHRA offer considered affordable?

- A. Yes
- B. No

The correct answer is B, no. Ray's required contribution exceeds 9.12 percent of 1/12 of his household income. Therefore, his offer of an ICHRA is not considered affordable.

Scenario Directions: Select **Continue** to proceed to the next screen.

Since Ray's offer of an ICHRA is not affordable, he can continue using his APTC to help lower his costs for Marketplace coverage as long as he opts out of his ICHRA offer and waives future reimbursements. If he does not opt out of his ICHRA and waive future reimbursements, he will not be eligible for APTC help lower the cost for Marketplace coverage.

Scenario Directions: Select **Continue** to proceed to the next screen.

Assister Tip:

Consumers whose offer of an ICHRA is not affordable can instead use a premium tax credit to help pay for their health insurance premium for Marketplace coverage, as long as they opt out of the ICHRA. If the ICHRA offer is affordable, they will not be eligible for the premium tax credit, even if they decline the ICHRA offer. To end their APTC, they should log in to their HealthCare.gov account and complete the Report a Life Change process.

Scenario Directions: Select Continue to proceed to the next screen.

Appointment: Mei

Your next appointment is Mei. She recently started working with a nonprofit organization and was offered a QSEHRA by her employer.

Scenario Directions: Select Continue to proceed to the next screen.

Mei needs to enroll in minimum essential coverage (MEC) if she wants her medical care expenses to be reimbursed through her employer.

Scenario Directions: Select Continue to proceed to the next screen.

She meets with you to discuss how she can enroll in health coverage through the Marketplace and determine whether her offer of a QSEHRA is affordable.

Scenario Directions: Select the appropriate answer.

You help Mei complete the QSEHRA affordability worksheet on HealthCare.gov, which indicates that her QSEHRA offer is not considered affordable. Can Mei decline or opt out of her QSEHRA offer?

- A. Yes
- B. No

The correct answer is B, no. An employee can't decline or opt out of a QSEHRA, so they'll need to lower the amount of any tax credit applied to their monthly premiums.

Scenario Directions: Mei applies for coverage at HealthCare.gov to meet her QSEHRA's requirement to have MEC before the start date on her employer's notice.

Since Mei was newly offered a QSEHRA by her employer, she should select the radio button next to Yes and then select the check box next to Qualified Small Employer HRA (QSEHRA).

Select the Save & continue button.

Correct! Mei was offered QSEHRA by her employer.

Scenario Directions: Mei's notice was sent to her on January 1, 2023. Mei can find information about her QSEHRA start and end date along with the dollar amount of reimbursement funds available to her on her QSEHRA notice provided by her employer. Her start date for her newly offered QSEHRA is March 1, 2023, and the HRA will cover the entire benefit year. The QSEHRA will reimburse \$500 per month of her medical care expenses.

Enter the date the HRA notice was sent, then enter the HRA start date. Select the **Save & continue** button.

Scenario Directions: Mei is not currently enrolled in a QSEHRA through her employer.

Select the appropriate radio button, then select the **Save & continue** button.

Is Mei currently enrolled in a Qualified Small Employer HRA (QSEHRA) through this employer?

- A. Yes
- B. No

The correct answer is B, no. Mei was recently offered a QSEHRA by her employer, but she is not currently enrolled in one.

Scenario Directions: After Mei has entered information about her QSEHRA offer, she completes the rest of her Marketplace application then signs and submits her application.

Select the **Sign & submit** button to continue.

Scenario Directions: Mei's eligibility results will contain information about her eligibility for premium tax credits, eligibility for an SEP due to having a new QSEHRA offer, and the deadline to select a plan.

Select the **View Eligibility Notice (PDF)** button. Mei must review her eligibility notice before continuing to enrollment; it includes important information about lowering Mei's APTC amount by the amount of her QSEHRA to avoid a tax liability. Once she views her eligibility notice, select the **Continue to Enrollment** button to move forward.

Scenario Directions: Finally, Mei needs to decide whether to use some or none of her tax credit. If a consumer does not use any of their tax credit, there will be no risk of having to repay some or all of it back when they file their federal income tax return. If a consumer does use some of their tax credit, the consumer should be sure to reduce the amount of the tax credit by at least the amount of their monthly QSEHRA reimbursement; otherwise the consumer will have to repay some or all of the tax credit back when they file their federal income tax return.

Mei wants to use some of her premium tax credit. She should subtract the QSEHRA notice monthly amount (\$500) from the monthly tax credit amount she qualifies for (\$679).

Indicate how much of her tax credit amount Mei should use. Select **SOME**, enter the adjusted tax credit amount, and select **Use This Amount**.

Correct! Mei would like to use some of her tax credit and her adjusted amount would be \$179.

Scenario Directions: Select **Continue** to proceed to the next screen.

Mei can now move on to the plan selection and comparison page of her Marketplace application.

Scenario Directions: Continue to the Wrap Up section or select the **Restart** button to go through the scenario again.

Great job on those scenarios! You've helped guide Ray and Mei through their HRA offers and helped them update their Marketplace applications.

Wrap Up

Congratulations! You have completed Assisting Consumers with Offers of Individual Coverage Health Reimbursement Arrangements and Qualified Small Employer Health Reimbursement Arrangements.

Consumers may have difficulties navigating through various offers of non-traditional health coverage from their employers. As an assister, you can help consumers understand what their HRA offer means and how it can affect their current Marketplace coverage.

To learn more about offers of an ICHRA or QSEHRA, refer to the [Application Spotlight Webinar: ESC, ICHRAs, and QSEHRAs](#).

To help consumers determine if their offer of an HRA is affordable, use these worksheets:

- [QSEHRA Worksheet](#)
- [ICHRA Worksheet](#)

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