



Small Employers Can Ring In The New Year With A Brand New Health Reimbursement Arrangement Benefit

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On December 13, 2016, the 21st Century Cures Act (the Act) was signed into law. It allows small employers to offer stand-alone qualified small employer health reimbursement arrangements (QSEHRAs) to employees who have purchased a health plan in the individual market. The Act overrides, in part, prior 2013 guidance from the Internal Revenue Service (IRS), which prevented employers from offering such stand-alone arrangements to employees. Beginning January 1, 2017, small employers (i.e., employers with less than fifty full-time employees during the calendar year not subject to the Affordable Care Act's (ACA) employer shared-responsibility mandate) may provide a QSEHRA to its employees. A QSEHRA is exempt from many of the ACA's market reforms, so long as the QSEHRA meets the following requirements: (1) the QSEHRA is 100% employer-funded, meaning that no employee salary reductions are permitted; (2) the employer does not offer a group health plan to any employees; (3) reimbursements may only be used for qualified medical expenses; (4) pre-tax treatment of reimbursements is subject to the employee providing proof of maintaining other health coverage; (5) the benefits are offered to eligible employees on an equitable basis; (6) annual QSEHRA benefits do not exceed a maximum of \$4,950 for an individual, or \$10,000 if family members are covered (adjusted annually); and (7) an annual notice is sent to employees which meets specific content requirements. The QSEHRA is also exempt from COBRA continuation rules. For additional information and assistance creating a QSEHRA, please

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