



## **Provisions Regarding Qualified Small Employers Health Reimbursement Accounts (QSEHRA).**

In December 2016, Congress created qualified small employer HRAs (QSEHRAs). QSEHRA allows small businesses with fewer than 50 full-time employees to use pretax dollars to reimburse employees who buy nongroup health coverage.

- The employer can only contribute to the QSEHRA.
- The annual maximum amount that can be contributed by an employer to the Plan in 2023 is \$5,850 per employee electing individual coverage and up to \$11,800 per employee electing family coverage.
- The stand-alone HRA must be offered to all employees on an equal basis.
- QSEHRA funds may be used by employees to pay qualifying medical expenses, including health insurance premiums.
- Health insurance premiums for insurance purchased on the ACA Marketplace now qualifies for reimbursement under the QSEHRA, but any amount received through an employer-sponsored stand-alone HRA must be offset against any payment credit received in the Marketplace (pro-rated monthly).
- The employer must verify that the employee has qualifying health insurance (requiring proof of coverage) before issuing any reimbursements from the QSEHRA.
- Written notice must be provided to qualifying employees 90 days prior to the start of each Plan year indicating the amount of the benefit available under the Plan, stating that the employee must inform the ACA Marketplace of the Plan amount when purchasing health insurance there, and advising that failure to maintain qualifying health insurance coverage throughout the Plan year will result in the standard ACA penalty plus cause all reimbursements from the Plan to be taxable income (for this reason, the benefit amount must be reported on employees' W-2's).
- The stand-alone HRA is not eligible for COBRA benefits.