

Small Employer HRA Options

Tax-free reimbursements for individual plans and medical expenses using a stand-alone HRA for qualified small employers.

QSEHRA

A Qualified Small Employer Health Reimbursement Arrangement (QSEHRA) allows employers with fewer than 50 employees to offer a Health Reimbursement Arrangement (HRA). Contributions are funded solely by the employer and employees may use the funds in their account toward their individual health plans (either purchased through a private carrier or on the ACA exchange). QSEHRAs can be applied toward any qualified expenses including monthly premiums as well as out-of-pocket medical, dental, and vision benefits.

2023 QSEHRA Limits

Individual Health Plan	Family Health Plan
\$5,850 (2023) annually	\$11,800 (2023) annually

ICHRA

The Individual Coverage Health Reimbursement Arrangement (ICHRA) is another option for families who wish to provide a tax-free benefit to their employees. Like the QSEHRA, an ICHRA is funded by the employer and reimburses employees tax-free for health insurance premiums and/or medical expenses. *What sets the ICHRA apart from other HRAs is that there are no annual contribution limits.*

QSEHRA AND ICHRA ADVANTAGES

- No federal income tax on payments or reimbursements if the employee has minimum essential health coverage (MEC)
- Reimbursements may be made immediately when the employee becomes eligible to participate
- Employees purchase the health plan they want
- Employees can paid their QSEHRA with their spouse's health care plan
- Employers can set the budget and include waiting periods
- Funds can carry over from year-to-year if allowed by the employer

Employer Requirements

1. Have a written plan document
2. Distribute a Summary Plan Document (SPD) within 90 days of the employee becoming a plan participant
3. Must not be an applicable large employer (ALE) under the Affordable Care Act (ACA)
4. Must not sponsor any other health, dental, or vision plan
5. Provide a QSEHRA/ICHRA to all eligible employees under the same terms and employees can't waive participation in the plan
6. Provide all eligible employees with a written notice at least 90 days prior to the start of the plan year
7. Obtain proof that the person whose expense is being paid or reimbursed has minimum essential coverage both on an annual basis and with each reimbursement
8. Substantiate all reimbursement of claims
9. Report the employee's permitted benefits in Box 12 of their Form W-2 using code FF

Get Started with GTM Payroll Services

Setting up a QSEHRA with GTM Payroll Services is easy and straightforward. Our insurance team will guide you through the entire process. Call (800) 929-9213 for more information or to get started.