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If You Have Less than 50 Employees, Read This

You may not yet have heard about a new type of health plan arrangement created in December 2016 for small employers – the "QSEHRA". Many employers, particularly small employers, were adversely affected by a change in the law prohibiting employers from reimbursing employees for the cost of their individual health policies. Under this new law, Qualified Small Employers can adopt a Health Reimbursement Arrangement that complies with the rules set out in Internal Revenue Code Section 9831(d). ***These new arrangements are available only to employers with less than 50 full-time employees and full-time equivalent employees who offer no health plan coverage to its employees***. A QSEHRA can reimburse employees who provide proof of other medical coverage for various medical expenses, including, importantly, the cost of individual health insurance, up to $4,950 for employee only coverage and $10,000 for family coverage (additional requirements apply).

Code Section 9831(d) provides a very specific notice requirement regarding its timing and content. Because not much guidance relating to this notice requirement has been issued, the IRS just released transition relief in Notice 2017-20 waiving the notice requirement until additional guidance is issued.

More information about this limited type of a stand-alone HRA can be found at https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/faqs/aca-part-35.pdf