



IMPORTANT ALERT

PREMIUM REIMBURSEMENT ARRANGEMENTS (PRAs) ARE GOING AWAY

We have received guidance and clarification on Premium Reimbursement Arrangements (PRA's). Due to the Affordable Care Act, [IRA Notice 2013-54](#) and [Technical Release 2013-03](#), beginning in 2014; cafeteria plans may **NOT** be used to pay premiums for individual health policies. This included specified disease and hospital indemnity type policies. Allowing PRA's (with this new guidance) raises many compliance issues under the Code, Health Care Reform, HIPAA, ERISA, COBRA and other laws.

To comply with this new guidance, as your service provider, SABC has determined it is necessary to discontinue PRA's effective January 1, 2014.

How does this new guidance affect your Cafeteria Plan?

- Participants will be required to cease PRA deductions effective January 1, 2014
- SABC will amend your plan removing PRA's

If you have a calendar year plan, and have started or completed open enrollment for 2014, please inform your PRA participants their election will **NOT** be allowed. Your employees will not have to complete a new election form.

For plan years that are already in affect and crossover into 2014, please notify your PRA participants their election will cease effective January 1, 2014.

Please pass this information on to anyone in your organization that this will affect. Should you have questions, you are welcome to contact us at (601) 856-9933.