



2017 promises to be an interesting year for employee benefits. The new administration has pledged to repeal and replace ACA, due to the sky rocketing cost. This makes it difficult for benefit managers, because what is law today may be gone tomorrow. Right now we can only rely on current law, and therefore, wanted to pass along some interesting options for employers.

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## **Health Reimbursement Arrangements (HRA) for Small Business**

With the introduction of the Affordable Care Act (Obamacare), HRA's were limited because they did not meet the credible coverage provision. As of January 1, 2017, Congress has resurrected HRA's for employers with fewer than 50 full-time employees. This is a great way to help employees offset their cost of healthcare, when the employer does not offer a group health plan.

An HRA is a totally employer funded plan. The plan can reimburse individual health insurance premiums and out-of-pocket medical expenses. The company's annual contributions cannot exceed \$4,950 for single coverage and \$10,000 for family coverage. In order to be eligible, employees must have minimal essential coverage (as outlined in the ACA) to receive HRA reimbursements.

## **Health Reimbursement Plan (HRP)**

An HRP is a type of self-insured medical reimbursement plan designed for premium reimbursement. It is totally employer funded and is used mainly for employers with less than 50 employees that do not offer health insurance, but can be offered to any size group.

Due to the Affordable Care Act's new market reforms, an HRP is structured to reimburse employees for health insurance premiums, up to a specified amount, and unlimited preventative care with no cost sharing. To get around covering the unlimited preventative coverage, the plan could require employees to show proof of having non-grandfathered, minimum essential coverage to be eligible for the plan. That would ensure the employee is already covered for that benefit under their health plan.

The advantage to the HRP over the HRA for small business is that there is no limit on the amount an employer can contribute.

If you are interested in more information about setting up an HRA or HRP, please contact us at 601-856-9933.