Compliance Corner Webinar:

Health Reimbursement Arrangements Are Not for Wimps!

March 10, 2016

Q: Can an HRA be used along with high deductible HSA qualified plans? Maybe so the deductible expense that the employee incurs can be shared by the company?
A: The requirements for an HSA can't be changed through use of an HRA. So, if the HRA can be used for the deductible, then the plan is no longer HSA qualified.

Q: Will the HRA rules also apply to HRP (Health Reimbursement Plans) used to reimburse an employee for individual plan premiums?
A: These are called Employer Payment Plans and are not compliant for individual plans that do not meet the exceptions discussed in the webinar.

Q: Is the speaker implying that you cannot have employee's share of insurance premiums paid through the HRA?
A: No. You can as long as the premiums are for the employee's employer group health plan or spouse's group health plan.

Q: Can employer restrict eligibility the HRA to ONLY those that participate in the employer's health plan
A: Yes it can.

Q: If I have a plan that does not offer coverage to spouses, can HRA money pay to contribute to coverage for them through either their employer or in the marketplace since I don't offer coverage? Can an HRA be set up for this purpose only?
A: You can provide an incentive to the spouse to waive coverage and then pay for a portion of their premium as long as it is not for individual coverage (on/off the Marketplace).

Q: Can Karen specifically address if and how premiums can be paid from an HRA for voluntary benefits such as voluntary hospital indemnity, critical illness, accident or wellness plans?
A:HRA funds can be used to pay for the premiums for voluntary benefits.

Q: on slide 16 it says the spouse EE only cost is $50, and ES is $290. The difference is $240, but slide 16 says the HRA will reimburse $250, why is that?
A: The correct amount is $240. The $250 was a typo.

Q: Is this the same for ER reimbursements for regular employee's individual premiums? Good to go if HRA is set up correctly?
A: No, what you're suggesting is an Employer Payment Plan and is subject to the reforms. Pairing up an Employer

Payment Plan with an Individual Plan is not a compliant plan.

Q: For the spousal coverage reimbursement on page 16 - is that MEC and reportable on 1095C
A: HRAs are reportable and considered to be self-funded. The example would require that the employee covered by the spouse's plan would have the HRA reported by their employer.

Q: WageWorks says that the contributions toward deductibles, etc. do NOT count toward the plan's listed OUT OF POCKET. I have read that as long as the EMPLOYEE isn't asked to pay more than the required amounts, it IS a good/legal plan and conforms. Can you please say which is correct?
A:We would have to have more information on this.

Q: An employer can offer the integrated HRA ONLY to those who are eligible under their medical plan, right? So if they don't offer spousal coverage, do they HAVE to offer the HRA to the spouse?
A: No they wouldn't have to offer it to spouses.

Q: To confirm, if my employer offers a fully insured plan with an HRA that reimburses deductible expenses only that is integrated with medical plan, then they do not complete Section III of the 1095-C, correct?
A: As long as their Integrated HRA is with their compliant ACA plan, they would only report one coverage on the Form. If the Integrated HRA allowed for coverage on a spouse's plan, the HRA would need to be reported.

Q: Can you touch on HRA and COBRA?
A: An employer must offer qualified beneficiaries who lose their HRA coverage due to a COBRA qualifying event the opportunity to continue their HRA coverage. The premiums for the HRA would have to be determined using either the actuarial or past-cost methods. This can be very complicated and there are plan designs that can limit some of the exposure under COBRA which should be explored with professional guidance.

Q: To avoid the MSP reporting, could the employer limit HRA to no more than $4,999?
A: I suppose so. The HRA would only need to be reported if the annual amount available hit $5,000.

Q: Reported to whom?
A: CMS

Q: Are you able to touch on the legality of setting up HRAs against fully insured HSAs. Are there an issue w/the IRS if the

employee's exposure goes below IRS min deductible? Carriers have their own rules which make sense but any other considerations the ER should worry about? In other words, HRA layered on top of a fully insured HSA
A:The tax rules for HSAs must be maintained or the tax benefit is lost.

Q: For partially self-funded plans that pay a portion of the deductible and co-pays but the potential CAN be over or under 5000, must they report this to CMS and what exactly are they stating?
A: The critical question is whether the employer is subject to the Medicare Secondary Payer rules. If the employer is, then the reporting Karen spoke of may come into play. This is really complicated and professional guidance would be recommended.

Q: Is the $5,000 per person or for the whole HRA for all employees
A: Per employee

Q: Is the $5,000 for single or family?
A: As an active employee it would be for the employee (as family expenses are generally included in the reimbursement). On COBRA, it would be either per former employee or per Qualified Beneficiary if a separate election was made (in the case of a divorce or overage dependent).

Q: You could simply not allow a rollover of any dollars in the plan design.
A: Correct, but generally that method reduces the appeal of the HRA.