

21st Century Cures Act Will Allow Stand-Alone HRAs

By Emily Tonkovich

On December 13, 2016, President Obama signed the 21st Century Cures Act.

Among other things, the law allows small employers that do not offer group health insurance coverage to offer a stand-alone health reimbursement arrangement (HRA). Previously, stand-alone HRAs were not permitted under the PPACA.

Stand-alone HRAs must meet the following requirements:

- The employer must qualify as a [small employer](#) under the PPACA,
- The employer must offer it to all employees, on the same terms, with few exceptions,
- The employee must provide proof of other health coverage,
- It must be funded solely by the employer,
- The employer can offer up to \$4,950 for an individual and \$10,000 for families,
- The funds can only be used to pay for medical expenses of eligible employees and their covered family members, and
- The employer must comply with certain notice and W-2 reporting requirements

If a small employer offers a stand-alone HRA, it may impact an employee's ability to qualify for subsidies on the individual market.

Small employers who cannot afford to or do not want to offer a group health plan may find the stand-alone HRA an attractive option.

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Benefit Review Services, Inc.

43370 Mound Road
Sterling Heights, MI 48314
586.997.1700
www.brsibenefits.com

816 9th Street SW
Vero Beach, FL 32962
772.257.5439

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