



WHAT IS A QUALIFIED SMALL EMPLOYER HEALTH REIMBURSEMENT ARRANGEMENT (QSEHRA)?

A Qualified Small Employer Health Reimbursement Arrangement (QSEHRA) is a type of health reimbursement arrangement that a qualified small employer can set up to reimburse employees for individual health insurance plans they purchase rather than buying a traditional group plan. The basics of a QSEHRA are:

1. Employers design their QSEHRA program, including defining which employees are eligible and establishing their reimbursement contributions.
2. Employees purchase the qualified individual plans they want from participating options.
3. Employees submit evidence of coverage and/or claims for reimbursement from the employer's HRA.
4. Employers reimburse employees for insurance premiums or qualified medical expenses.
5. Employer's reimbursement amount is tax-free.

Offering a QSEHRA can benefit both employers and employees. Employers benefit through tax deductions for healthcare and insurance payment contributions. In addition to this tax benefit, QSEHRAs can make healthcare costs more predictable and controllable for employers. And, employees benefit by receiving employer-sponsored healthcare premium contributions and having the choice out of many individual insurance plan options based on their needs.

QSEHRA BASICS

- ✓ Businesses up to 50 full-time employees can participate.
- ✓ Contribution maximums apply and can change annually.
- ✓ All full-time employees are automatically eligible and if determined by the employer, part-time employees may also be eligible.
- ✓ Employees can receive different HRA contribution amounts. The contribution amount can be adjusted based on employee family status, age, and family size.
- ✓ Employees participating in the QSEHRA are eligible for Advanced Premium Tax Credit (APTC).
- ✓ Employees can also use their HRA contribution amount towards their spouse's coverage.
- ✓ Employees must have individual health insurance to participate.

**Interested in setting up a QSEHRA for your organization?
Contact our sales team or your broker to get started with
a Third Party Administrator!**

