

AGENCIES ISSUE FAQs REGARDING HRA INTEGRATION

Hodgson Russ Newsletter
February 28, 2017

Practices & Industries

Employee Benefits

The Departments of Labor, Health and Human Services and the Treasury (the Agencies) issued another set of frequently asked questions (FAQs) regarding the implementation of the Affordable Care Act (ACA). This recent guidance, the thirty-seventh in a series of FAQs that the Agencies have published, focuses in part on Health Reimbursement Arrangement (HRA) integration issues.

Background. In September 2013, the Departments of Labor and Treasury published guidance on the application of ACA market reform provisions to HRAs and employer payment plans. This prior guidance clarified that such arrangements are subject to group market reform provisions, including the prohibition on annual dollar limits. To avoid violating these market reform rules, account-based reimbursement plans are generally required to qualify as excepted benefits, or be “integrated” with a group health plan that complies with these rules. Importantly, this guidance stated that integration does not require that the HRA and the coverage with which it is integrated share the same plan sponsor. For example, an employee’s HRA may be integrated with a non-HRA group health plan sponsored by the employer of the employee’s spouse. In 2015, the Treasury Department and the IRS issued guidance clarifying that an HRA available to reimburse medical expenses of an employee’s spouse or dependent children (a Family HRA) may not be integrated with self-only coverage under the employer’s other group health plan.

New Guidance. This most recent guidance explains that a Family HRA will be considered integrated, and not in violation of the ACA market reform rules, in cases where all family members have non-HRA group health plan coverage through either the employee’s employer or spouse’s employer or a combination of the two. For example, a Family HRA would be considered integrated if an employee enrolled in self-only coverage under his employer’s non-HRA group health plan and reasonably represented that his spouse and children had coverage under his spouse’s employer’s non-HRA group health plan.

In light of this new guidance, employers are encouraged to review their health care arrangements, including any relevant attestations, to determine if they comply with ACA market reform provisions.

AGENCIES ISSUE FAQs REGARDING HRA INTEGRATION

All the FAQs on the ACA may be found by clicking on the FAQs tab on the left side of the Department of Labor's Employee Benefit Security Administration's website. You may go directly to this recent release [here](#).

