HRA: Health reimbursement arrangement



A health reimbursement account is a type of health plan in which employers receive tax-free reimbursements for medical expenses, up to a certain annual limit. This type of plan allows the amount left on the account to roll over to the next year and is solely employer-funded and owned.

HRA vs. HSA:

How an	HRA	works:
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	HRA	HSA	Employer sets contribution amount and date for available funds
Control	Employer	Employee	available fullus
Funding	100% employer funded	Employer + employee funded	Employee pays a co-pay; pharmacies generally charge at pick-up, while doctors sometimes send bills 30-45 days after appointment
Contributio n limit	Set by employer	\$3,450 for individual, \$6,950 for family	
Plan eligibility	Compatible with any health plan	Must be enrolled in high-deductible plan	
Can funds be invested?	No	Yes	HRA either reimburses co- pay or employee pays until out of pocket limit is reached

ay; Health professional ile submits service to nd insurance

Employee goes to health care professional

Sources: Healthcare.gov; "Health Reimbursement Arrangement," NueSynergy

The Trump administration's proposed HRA regulations

Proposed rule:

- The proposed rule, issued by the Departments of Health and Human Services (HHS), Labor (DOL), and Treasury, would allow employers to fund HRAs with up to \$1,800 per year for health insurance premiums
- The proposal would overturn the Obama-era ACA provision which limits the use of traditional HRAs to only pay for out-of-pocket medical expenses and not insurance premiums
- The Trump administration believes that by allowing employees to purchase health coverage on their own with employer funds, more competition will be brought to the individual marketplace
- This proposed change is part of Trump's Executive Order 13813, "Promoting HealthCare Choice and Competition Across the US"

Impact:

The US Treasury released a report that estimates that once companies have adjusted their policies to the new rule, **800,000 employers** will provide HRAs to over **10 million employees**



Comments on the proposed regulation are requested by **December 28, 2018**

The regulation, if finalized, is proposed to be effective for plan years beginning on and after **January 1, 2020**

Sources: Healthcare.gov