

# HRA: Health reimbursement arrangement

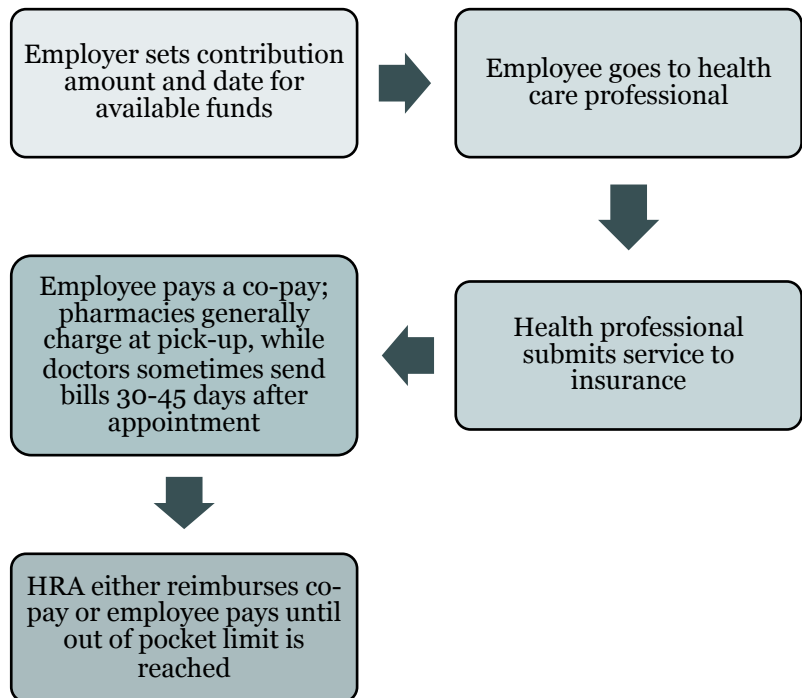


A health reimbursement account is a type of health plan in which employers receive tax-free reimbursements for medical expenses, up to a certain annual limit. This type of plan allows the amount left on the account to roll over to the next year and is solely employer-funded and owned.

## HRA vs. HSA:

	HRA	HSA
<b>Control</b>	Employer	Employee
<b>Funding</b>	100% employer funded	Employer + employee funded
<b>Contribution limit</b>	Set by employer	\$3,450 for individual, \$6,950 for family
<b>Plan eligibility</b>	Compatible with any health plan	Must be enrolled in high-deductible plan
<b>Can funds be invested?</b>	No	Yes

## How an HRA works:



# 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**

## Timeline:

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**