



## a **BETTER** GROUP HEALTH INSURANCE alternative with Flex QSEHRA

### New QSEHRA for Small Employers: No Group Health Plan Required

The Qualified Small Employer Health Reimbursement Arrangement (QSEHRA) is an HRA exemption designed by law for employers already exempt from the Affordable Care Act (ACA) mandate to provide group health insurance to employees.

We provide employers with everything they need to establish an IRS- and DOL-compliant Flex QSE plan document package in PDF format for a low, one-time fee.

#### QSEHRA Features

The QSEHRA lets companies with fewer than 50 full-time employees\* offer an HRA that uses tax-free dollars to reimburse employees who purchase individual (non-group) health insurance on the individual market or the ACA exchange.

- Once proof of health insurance coverage is provided by an employee, any funds remaining in the QSEHRA can be claimed in reimbursements for out-of-pocket medical, dental, and vision benefits.

Prior to the new QSEHRA plan design, all HRA Plans with 2+ employees had to be integrated with an ACA-compliant employer-sponsored group health insurance.

### Funding the Plan

Like all HRAs, the QSEHRA is funded entirely by the employer, up to the annual contribution limits set by the IRS.

- For 2021, the maximum allowed annual benefit is \$5,300 per employee electing individual coverage, and \$10,700 with family coverage.

### Reimbursing Employees

An employee must submit two pieces of information before the employer can reimburse expenses from the QSEHRA:

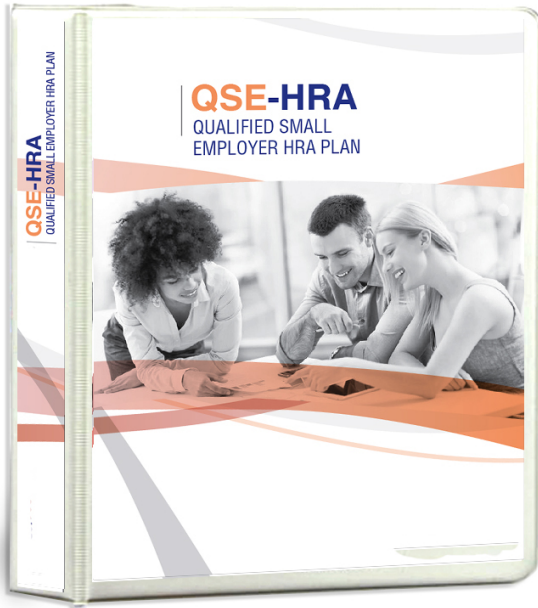
1. Proof of **minimum essential health insurance coverage**, and,
2. Receipt(s) for the reimbursement requested.

### Coordination with ACA Marketplace

Premiums for health insurance purchased on the ACA Marketplace are eligible for reimbursement under a QSEHRA; however:

- The employee must report the amount provided through the plan when applying for coverage.
- Any ACA premium credit for which the employee may be eligible **will be reduced dollar-for-dollar** by the amount available in the QSEHRA.
- Failure to comply with ACA rules regarding minimal essential coverage (MEC) may result in QSEHRA reimbursements becoming **taxable income for the employee**.

The required notice to employees that **must be distributed 90 days prior to the start of a plan year** (part of the Flex QSE package) informs employees about this.



## Set up a Flex QSE in 3 easy steps

### Design your plan:

- Choose your plan year according to the calendar (Jan-Dec) or your tax year (Jul-Jun, for example) -- a short plan year is available for the first year.
- Determine the rules and limits for your plan -- our order form takes you through it step-by-step.

### Order your plan:

- Place your order for the Flex QSE plan document package.
- Your personalized plan document package arrives at your inbox, usually\* the same day.

### Start your plan:

- Print, review, and sign the plan document where indicated;
- Give a copy of the participant packet to each eligible employee; and then,
- Keep the Flex QSE plan document on file with other personnel paperwork -- there is no requirement to file the plan document with any agency.

\*Most complete document orders placed by 3 PM will be emailed out the same day, Monday through Friday. Orders placed on weekends are emailed out Monday morning.

## The Flex Documents Difference

### Experience

We are the leader in affordable Plan Document packages since 1997. That's more than 20 years of helping employers and employees avoid paying taxes on health insurance, flex plans, and other health care benefits.

### Value

Clients pay once for a Plan Document and they own it. Most of our competitors 'rent' their Plan Documents on a yearly basis, requiring an annual update fee.

Truth is, a Plan Document only needs to be updated and renewed when there are sufficient changes in your plan or in tax laws relating to health care to make sense.

We send an annual reminder to employers to review their plan for possible changes. We also send alerts when the law changes. And, when there is a need for an update, we offer the first one at a discount.

### Customization

Some companies offering so-called compliant Plan Documents are really just selling boiler-plate templates. The employer enters information, checks the right boxes, and that's your Plan Document.

One Plan Document cannot fit all employer situations equally well. That's why we will never sell a template. Our order form gathers all the necessary information about your company and your plan. If anything is unclear or more information is needed, our staff will contact you to ensure you receive a detailed, personalized Plan Document package.

### \*QSEHRA Exceptions

**Eligible Employers:** The "eligible employer" requirement for a QSEHRA means an employer with fewer than 50 employees that does not offer another group health plan. "Group health plan" means any other Health Reimbursement Arrangement (HRA), a Health Care Flexible Spending Accounts (FSA), Limited Health Care Flexible Spending Account (FSA), and plans providing only "excepted benefits" such as dental, vision, etc.

**HSA Disqualifying Coverage:** Participation in a QSEHRA may be disqualifying coverage for Health Savings Account eligibility (HSA), unless it only reimburses HDHP premiums and/or dental, vision, or other permitted coverage.

**Retiree Exclusion:** The QSEHRA must be offered only to current, active employees and cannot be waived.

**Reimbursement Options:** The same QSEHRA typically must be offered to all eligible employees, but can limit what it reimburses.

Options include:

1. Insurance premiums only;
2. Cost-sharing expenses that are medical expenses; and,
3. Certain other medical expenses specified under the QSEHRA.