

Employers Unable to Pay for Individual Policies on a Pre-Tax Basis

September 26, 2013

New guidance from the IRS suggests that the only way for employers to pay for employees' individual health insurance policies is to pay for such coverage on an after-tax basis. Health reimbursement arrangements and employer arrangements that pay or reimburse premiums on a pre-tax basis, which cover individuals who are not enrolled in group health plans, are no longer permissible under the Affordable Care Act. Employers may forward post-tax employee deductions to a health insurance issuer without establishing a group health plan. IRS Notice 2013-54 can be found [here](#).