

Small Employers Can Reimburse Premiums and Medical Expenses

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The 21st Century Cures Act, which recently passed in Congress and President Obama has stated he will sign, creates a new "qualified small employer health reimbursement arrangement" (**QSEHRA**) effective January 1, 2017. The QSEHRA is a new form of health reimbursement arrangement (**HRA**) that can reimburse substantiated medical care expenses, including premiums, of up to \$4,950 per year (as adjusted for inflation) or up to \$10,000 per year (as adjusted for inflation) if the QSEHRA reimburses family member expenses. The QSEHRA is available to an employer that (i) is not an "applicable large employer" under the Affordable Care Act (**ACA**) (which generally means having at least 50 full-time or full-time equivalent employees, determined on a controlled group basis) and (ii) does not offer a group health plan to any of its employees in the controlled group. Unlike "regular" HRAs, the QSEHRA generally is not considered a group health plan for purposes of the ACA mandates or COBRA. Certain employee eligibility and notice requirements will apply. [View the 21st Century Cures Act.](#)