QSEHRA – A Health Reimbursement Plan for Small Employers

**On December 13, 2016 President Obama signed into law the 21st Century Cures Act. This is significant for many small employers, including churches. The Cures Act restored in large part the ability of a small employer to reimburse its employees for healthcare costs, including health insurance premiums, on a pre-tax basis. This can reduce the employee’s taxes by thousands of dollars. For clergy employees the impact is often much greater due to the way Social Security taxes are calculated. The Cures Act DOES NOT totally return us to pre-Obamacare regulations. The new reimbursement plans are labeled as QSEHRA plans. I will give a brief overview of the provisions of the Cures Act. I will not attempt to explain all the nuances of the Cures Act and therefore encourage you to do further research on the matter. I suggest you do a Google search for “QSEHRA information”. Be certain that any links you follow are providing current information.**

***Which employers are eligible to establish a QSEHRA?***

**Employers with less than 50 employees and not offering a group health plan**

***Is there a limit to have much can be reimbursed to an employee in 2025?***

**For a single plan the maximum annual benefit is $6350 and for a family plan it’s $12,800. The benefit must be funded entirely by the employer. No employee pre-tax contributions are allowed.**

***Which employees are eligible?***

**An employer may choose to cover all employees, but the law requires that the QSEHRA be offered to all full time employees who have over 90 days of service, are over 24 years old and are not covered by a labor union contract. Seasonal and part-time employees are not required to be included in the QSEHRA. To participate the employee must have Minimum Essential Coverage (MEC) through an INDIVIDUAL health plan. Group plan coverage (ie. such as offered by a spouse’s employer) are not eligible for reimbursement.**

***What is the employer required to do to establish a QSEHRA?***

1. **Notify employees of the offering of the plan 90 days prior to the starting date of the plan**
2. **Notify each eligible employee in writing of:**
3. **The amount of the benefit**
4. **The employees responsibility to inform the Marketplace of the QSEHRA benefit**
5. **The possible consequences of the employee not maintaining a MEC plan**
6. **Report the amount of the reimbursements on the employee’s W-2 in block 12**

***What is the participating employee required to do under the QSEHRA?***

1. **Maintain a non-group health plan that provides Minimum Essential Coverage (MEC)**
2. **Provide employer with evidence of all eligible health care expenses**

***The above information is provided as a courtesy by Sonrise PayMaster$ LLC. It is intended to inform small employers of the existence of the law and provide a brief overview of the law. Before establishing a QSEHRA plan, the employer should do additional research and possibly engage a third party administrator to assist in implementing the plan. .***

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