

How an Individual Coverage Health Reimbursement Arrangement (HRA) Offer Works

Health Reimbursement Arrangements (HRAs) are account-based health plans that employers can offer to their employees. They reimburse employees for their medical expenses.

- Employees get reimbursed tax-free up to the maximum amount the employer will repay for health care costs within a certain amount of time.
- Employers may allow unused funds to roll over from year to year.
- Employers can extend coverage to both the employee and the employees' household members.

Employers can offer employees an **individual coverage HRA** instead of offering traditional job-based health coverage. An individual coverage HRA reimburses employees for medical expenses, including monthly premiums and other out-of-pocket costs like copayments and deductibles.

If your employer offers an individual coverage HRA, you'll get a notice. It will include the offer and if the offer extends to other household members.

How you'll find out if you have an individual coverage HRA offer

If your employer is offering you an individual coverage HRA, they must send a notice to you. It tells you:

- If the individual coverage HRA is offered to household members.
- How much your employer will reimburse you for medical expenses and for household members.
- The dates the individual coverage HRA starts and ends.

It also includes rules for enrolling in other health coverage and how an HRA could impact Marketplace coverage.

Generally, your employer must provide the notice to you at least 90 days before the start of the individual coverage HRA plan year. If you become eligible for the individual HRA fewer than 90 days before the start of the plan year, like if you're a new employee, your employer will provide the notice before your individual coverage HRA starts.

How to enroll in an individual market health insurance plan

To use the individual coverage HRA, you and any household members the HRA is offered to need to enroll in individual market health insurance. Your plan needs to start no later than your individual coverage HRA starts. (Individual market health insurance means a plan offered either through the Marketplace, or a private plan offered outside the Marketplace, like directly through an insurance company.) Or, you can use your individual coverage HRA if you're enrolled in Medicare Part A (Hospital Insurance) and Part B (Medical Insurance), or a Medicare Advantage Plan.

Short-term plans and other limited benefits coverage, like dental or vision-only plans, don't meet this requirement.

If you and/or any eligible household members already have individual health insurance coverage, you don't need to change it to meet the HRA's health coverage requirement.

If you're applying for a Marketplace plan, most states use [HealthCare.gov](https://www.healthcare.gov) to enroll, but some states run their own Marketplace. For a list of states with their own Marketplace, visit [HealthCare.gov/marketplace-in-your-state](https://www.healthcare.gov/marketplace-in-your-state).

When you fill out a Marketplace application, you'll find out if you qualify for savings on a Marketplace plan, called a "premium tax credit" that lowers the premium — the amount you pay each month to your insurance plan.

If you have Medicare Part A and Part B or a Medicare Advantage Plan, your Medicare enrollment will meet the HRA's health coverage requirement. For information on how to enroll in Medicare, visit [Medicare.gov/basics/get-started-with-medicare](https://www.medicare.gov/basics/get-started-with-medicare).

When to enroll in Marketplace coverage

You can enroll in or change Marketplace plans for the upcoming calendar plan year during the yearly Open Enrollment Period, November 1 through January 15. If you (and eligible household members) have an individual coverage HRA that starts January 1, you should enroll in a Marketplace plan by December 15 so Marketplace coverage also starts January 1. You (and eligible household members) must be enrolled in coverage that starts no later than the date your individual coverage HRA begins.

- If you and your household members were newly offered an individual coverage HRA (like new employees), you may qualify for a Special Enrollment Period to enroll in or change individual coverage. Generally, you'll need to enroll in coverage within the 60 days before the date your individual coverage HRA starts so that your coverage starts no later than the date your HRA begins.
- If you were hired mid-plan year, your employer might offer different options for when an individual coverage HRA can start so you'll have more time to enroll. Contact your employer or check your individual coverage HRA notice to see if this applies to you. If so, you can take up to 60 days after the date your individual coverage HRA starts to enroll in your own health plan. You should be sure to enroll in time for your health plan to start by the last day your individual coverage HRA can begin.

If you gain a new dependent, like if you got married, had a baby, or adopted a child during your individual coverage HRA plan year, you should work with your employer to make sure you enroll in individual health

insurance coverage in time to meet your existing individual coverage HRA's requirement (if the individual coverage HRA covers such household members).

How individual coverage HRAs impact the premium tax credit

An individual coverage HRA offer may impact your eligibility for the premium tax credit for Marketplace coverage. The only way you'll qualify for the premium tax credit to help pay for Marketplace coverage is if you don't accept the individual coverage HRA and the individual coverage HRA isn't considered affordable.

For 2023, an individual coverage HRA is considered affordable if the monthly premium for the lowest-cost Silver plan for self-only coverage in your area (minus the monthly amount made available to you under the individual coverage HRA) is equal to or less than 9.12% of 1/12 of your household income.

You can use the decision guide at [HealthCare.gov/job-based-help](https://www.healthcare.gov/job-based-help) to help determine if the individual coverage HRA meets "affordability" requirements. You'll include information about your individual coverage HRA when you submit a [HealthCare.gov](https://www.healthcare.gov) application to find out for sure.

You should include information about your individual coverage HRA offer when completing an application for Marketplace coverage. The Marketplace will calculate if the offer meets requirements for "affordability," and will suggest if you should accept or decline the HRA based on if you qualify for a premium tax credit.

- If the HRA **isn't considered "affordable,"** you must decline (opt out of) the HRA to qualify for the premium tax credit for your Marketplace coverage, if you're eligible.
- If the HRA **is considered "affordable,"** and you accept the HRA, you aren't eligible for the premium tax credit for your Marketplace coverage. If the HRA includes payments to cover the expenses of your household members, you can't get a premium tax credit for your household members.

For more information

- Visit [HealthCare.gov/job-based-help/#/ichra](https://www.healthcare.gov/job-based-help/#/ichra) to learn more about individual coverage HRAs and other options that may help you pay for health insurance.
- Visit [HealthCare.gov/job-based-help/#/qsehra](https://www.healthcare.gov/job-based-help/#/qsehra) to learn more about Qualified Small Employer Health Reimbursement Arrangements (QSEHRAs), which certain small employers can use to help employees pay for medical expenses.

HOW CAN I LEARN MORE?

To learn more about coverage through the Marketplace or your benefits and protections, visit **HealthCare.gov** or call the Marketplace Call Center at 1-800-318-2596. TTY users can call 1-855-889-4325.

You have the right to get Marketplace information in an accessible format, like large print, braille, or audio.

You also have the right to file a complaint if you feel you've been discriminated against.

Visit [CMS.gov/about-cms/agency-information/aboutwebsite/cmsnondiscriminationnotice](https://www.cms.gov/about-cms/agency-information/aboutwebsite/cmsnondiscriminationnotice), or call the Marketplace Call Center at 1-800-318-2596 for more information. TTY users can call 1-855-889-4325.

Health Insurance Marketplace

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