

Application Questions

Module 2: Assisting Consumers with Health Reimbursement Arrangements (HRAs)

Let's Get Started

Which way do I go?

It can be like travelling without directions when a consumer tries to choose the best health coverage option for their family.

Is employer sponsored coverage (ESC) the best option for me and my family?

Is a Health Reimbursement Arrangement (HRA) the best option for me and my family?

Is Marketplace coverage the best option for me and my family?

Assister Tip: For consumers whose employers offer traditional ESC or an HRA, including an Individual Coverage HRA (ICHRA) or a Qualified Small Employer HRA (QSEHRA), it's important for them to understand their options before they act.

Can you answer these questions?

How is an ICHRA or QSEHRA different from traditional ESC?

Will an HRA offer affect a consumer's eligibility for Marketplace coverage?

In this module, you will help two consumers who are offered two different types of HRAs by their employers. One is offered an ICHRA, and another is offered a QSEHRA.

Let's guide each consumer through their offer and help them update their Marketplace application.

Before completing this module, you should review

[Health Reimbursement Arrangements \(HRAs\): 3 things to know](#) on HealthCare.gov and the webinar on [Individual Coverage Health Reimbursement Arrangements, Application Overview](#) on CMS.gov for more information about HRAs.

Objectives

After completing this module, you should be able to:

1. Explain to consumers how Health Reimbursement Arrangements (HRA) such as ICHRA or QSEHRA are different from traditional health coverage.
2. Discuss how an offer of HRA coverage may affect a consumer's eligibility for Marketplace coverage.
3. Help consumers determine whether an employee's offer of an ICHRA or QSEHRA is affordable using the HRA online affordability tool.

What You Need to Know

An HRA isn't traditional health coverage through a job. Before you get started, let's review some general information about HRAs and eligibility for Marketplace savings.

How does an HRA work?

An employer chooses a dollar amount they'll make available for reimbursing qualifying medical expenses. Sometimes an HRA is offered instead of traditional ESC.

Employees must buy their own health plan or enroll in Medicare to use certain types of HRAs. An employee generally pays for monthly premiums and other medical expenses, then requests reimbursements for qualifying medical expenses through the HRA.

Assister Tip: Before taking any action with an HRA from an employer, it is important to determine whether an employee's offer of an ICHRA or QSEHRA is affordable. How do you do that?

Individual Coverage Health Reimbursement Arrangements (ICHRA)

For plan year 2025, an ICHRA is not considered affordable for an employee or for any dependents to whom the HRA is offered if the monthly premium for the lowest-cost Silver plan for self-only coverage in the employee's area minus the monthly amount made available just to the employee (or the monthly maximum amount available to the employee under the ICHRA if the ICHRA provides for reimbursements up to a single dollar amount regardless of whether an employee has self-only or other-than-self-only coverage) under the HRA "required contribution" is more than 9.02 percent of 1/12 of the employee's household income for the tax year.

Qualified Small Employer Health Reimbursement Arrangements (QSEHRAs)

For plan year 2025, a QSEHRA is not considered affordable for an employee or for any dependents to whom the HRA is offered if the monthly premium for the second-lowest-cost Silver plan for self-only coverage in the employee's area minus the monthly amount made available just to the employee under the HRA "required contribution" is more than 9.02 percent¹ of 1/12 of the employee's household income for the tax year. Please Note: These affordability percentages change with each new plan year. Use these resources to help your clients determine current ICHRA and QSEHRA affordability percentages:

[Health Reimbursement Arrangements \(HRAs\): 3 things to know](#) on HealthCare.gov and

[Qualified Small Employer Health Reimbursement Arrangement Worksheet](#) on HealthCare.gov.

¹ *Note: This percentage is updated yearly.

Comparing ICHRAs and QSEHRAs

Review the table to identify the key differences and similarities between ICHRAs and QSEHRAs, including the applicable affordability standards.

Comparison Criteria	ICHRAs	QSEHRAs
Employers can offer this HRA type to reimburse employees for their medical care expenses/premiums	Yes, employers of all sizes may offer an ICHRA	Yes, employers with fewer than 50 full-time employees may offer a QSEHRA
Affordability determined using...	Employee's self-only lowest-cost Silver plan (LCSP) premium	Employee's self-only second-lowest-cost Silver plan (SLCSP) premium
If coverage through the HRA is unaffordable...	Employee must opt out of ICHRA to be premium tax credit-eligible, if they otherwise qualify for a premium tax credit	Employee should reduce their monthly APTC by their monthly QSEHRA amount

Note that employees and their dependents who newly gain access to an ICHRA or QSEHRA may qualify for a Special Enrollment Period (SEP) to enroll in individual health insurance coverage through or outside of the Marketplace.

What You Need to Do

Let's explore some real-world scenarios you may encounter when working with consumers with an ICHRA or QSEHRA offer.

Ray

Your first appointment of the day is with Ray.

Ray currently has Marketplace coverage and uses advance payments of the premium tax credit (APTC) to help pay for his premium costs.

Ray works full-time as a groundskeeper and has an estimated household income of \$32,000. He lives in New Castle County, Delaware and is 34 years old. He is single and has no dependents. He is currently enrolled in Marketplace coverage with APTC.

Last week, Ray got a notice that his employer will begin offering its employees an ICHRA starting on February 1.

He needs help determining whether his offer of an ICHRA is affordable before he decides whether to accept the offer.

Assister Tip: When assisting consumers with an offer of an ICHRA or QSEHRA, make sure they bring their employer notice of an HRA offer. This notice includes key information about their HRA, such as the dollar amount of the HRA offer, the date that coverage under the HRA may begin, and whether the offer extends to dependents.

To determine the affordability of his ICHRA offer, Ray uses the HealthCare.gov tool [Health Reimbursement Arrangements \(HRAs\): 3 things to know](#).

To use the HRA online affordability tool, consumers will need to enter their ZIP code. Ray enters his ZIP code, 19805.

Next Ray is prompted to select the HRA type he is offered. He selects the independent coverage HRA, which is offered from his employer.

After selecting the HRA type, Ray enters the dollar amount of the HRA. The notice of Ray's ICHRA offer states it will reimburse \$200 of his medical expenses monthly.

Ray then entered his expected yearly household income and his age to find out if his ICHRA offer is affordable.

Ray reviews the results based on his answers, HealthCare.gov recommends that Ray declines the Health Reimbursement Arrangement (HRA). Based on Ray's rough income estimate, he may be eligible for savings on a Marketplace health plan called a "premium tax credit," or free or low-cost coverage through Medicaid/Children's Health Insurance Program (CHIP). Based on the results from his answers, Ray is recommended to take the following steps:

1. Apply to the Marketplace to check savings eligibility
2. Enroll in Marketplace coverage
3. Decline the HRA. Once you've confirmed that you are eligible for Marketplace savings AND enrollment in Marketplace coverage, tell your employer you're declining the HRA.

Note: You can't use both a premium tax credit and the individual coverage HRA. If you've already accepted your HRA don't use a premium. Otherwise, you may have to pay it back when you file your taxes.

Knowledge Check Question: Based on the information gathered, is Ray's ICHRA offer considered affordable?

Answer: No, Ray's required contribution exceeds 9.02 percent of 1/12 of his household income. Therefore, his offer of an ICHRA is not considered affordable.

Since Ray's offer of an ICHRA is not affordable, he can continue using his APTC to help lower his costs for Marketplace coverage as long as he opts out of his ICHRA offer and waives future reimbursements. If he does not opt out of his ICHRA and waive future reimbursements, he will not be eligible for APTC to help lower the cost for Marketplace coverage.

Assister Tip: Consumers whose offer of an ICHRA is not affordable can instead use a premium tax credit to help pay for their health insurance premium for Marketplace coverage, if otherwise eligible for the tax credit, as long as they opt out of the ICHRA. If the ICHRA offer is affordable, they will not be eligible for the premium tax credit, even if they opt out of the ICHRA offer. Consumers who need to end their APTC should login to their HealthCare.gov account and complete the Report a Life Change process.

Mei

Your next appointment is with Mei.

She recently started working with a nonprofit organization and was offered a QSEHRA by her employer.

Mei needs to enroll in minimum essential coverage (MEC) if she wants her qualifying medical expenses to be reimbursed through the QSEHRA offered by her employer.

She meets with you to discuss how she can enroll in health insurance coverage through the Marketplace and determine whether her offer of a QSEHRA is affordable.

You help Mei complete the QSEHRA affordability worksheet on HealthCare.gov, which indicates her QSEHRA offer is not considered affordable.

Knowledge Check Question: Can Mei decline or opt out of her QSEHRA offer?

Answer: No, Employees can't decline or opt out of a QSEHRA, but they should consider lowering the amount of the premium tax credit, if they are determined eligible for the tax credit, applied to their monthly premiums.

Mei applies for coverage at HealthCare.gov to meet her QSEHRA's requirement to have MEC before the start date on her employer's notice for the QSEHRA coverage.

Since Mei was newly offered a QSEHRA by her employer, she selects Yes and then selects the check box next to Qualified Small Employer HRA (QSEHRA).

Mei's notice was sent to her on January 1, 20XX. Mei can find information about her QSEHRA start and end date along with the dollar amount of reimbursement funds available to her for qualifying medical expenses on her QSEHRA notice provided by her employer. Her start date for her newly offered QSEHRA is March 1 and the HRA will cover the entire benefit year. The QSEHRA will reimburse \$500 per month of her medical care expenses.

Mei entered January 1 as the date the HRA notice was sent, then March 1 as the HRA start date.

Mei is not currently enrolled in a QSEHRA through her employer. On the application, Mei is asked if she is currently enrolled in a Qualified Small Employer HRA (QSEHRA) through her employer. Mei was recently offered a QSEHRA by her employer, but she is not currently enrolled in one, so she selects the "No" option.

After Mei has entered information about her QSEHRA offer, she completes the rest of her Marketplace application then signs and submits her application. Upon submission, Mei is immediately transferred to the Eligibility Results screen.

Mei's eligibility results will contain information about her eligibility for premium tax credits, eligibility for an SEP due to having a new QSEHRA offer, and the deadline to select a plan.

To review her eligibility notice, Mei selects the View Eligibility Notice (PDF) option. Mei must review her eligibility notice before continuing to enrollment; it includes important information about lowering Mei's APTC amount by the amount of her QSEHRA to avoid a tax liability. Once she reviews her eligibility notice, she selects the Continue to Enrollment option on her eligibility results screen.

Finally, Mei needs to decide whether to use some or none of her tax credit now that she has been determined to be eligible for the premium tax credit.

Assister Tip: If a consumer is eligible for the premium tax credit does not use any of their tax credit, there will be no risk of having to repay some or all of it back when they file their federal income tax return. If consumers who are eligible for the premium tax credit use some (or all) of their tax credit, they should consider reducing the amount of the tax credit by at least the amount of their monthly QSEHRA reimbursement; otherwise, they may have to repay some or all of the tax credit back when they file their federal income tax return.

Mei decides she wants to use some of her premium tax credit. To do this, she subtracts the QSEHRA notice monthly amount (\$500) from the monthly tax credit amount she qualifies for (\$679). The Marketplace application asks her, how much of your \$679 monthly tax credit do you want to use to lower your premium? Mei selects the option that allows her to use some of her tax credit. She is then asked to enter the tax credit amount she wants to use each month. Mei enters the adjusted tax credit amount of \$179 and selects Use this Amount.

Mei can now move on to the plan selection and comparison section of her Marketplace application.

Mei can now move on to the plan selection and comparison section of her Marketplace application. Great job on those scenarios! You've helped guide Ray and Mei through their HRA offers and helped them update their Marketplace applications.

Wrap-Up

Congratulations! You have completed Assisting Consumers with Individual Coverage Health Reimbursement Arrangements and Qualified Small Employer Health Reimbursement Arrangements.

Assister Tip: Consumers may have difficulties navigating through various offers of non-traditional health coverage options from their employers. As an assister, you can help consumers understand what their HRA offer means and how it may affect their current Marketplace coverage.

To learn more about offers of an ICHRA or QSEHRA, refer to the [Application Spotlight Webinar: Employer-Sponsored Coverage and Health Reimbursement Arrangements PDF](#) on CMS.gov.

To help consumers determine if their offer of an HRA is affordable, use these worksheets:

- [Qualified Small Employer Health Reimbursement Arrangement Worksheet](#) from HealthCare.gov
- [Health Reimbursement Arrangements \(HRAs\): 3 things to know](#) from HealthCare.gov

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