



Health Reimbursement Arrangements (HRAs)

A Health Reimbursement Arrangement (HRA) is an employer-funded plan that reimburses employees for qualified medical expenses and, in some cases, insurance premiums. A Health Reimbursement Arrangement (HRA) is not traditional group health coverage through a job: Instead, employers decide how much money they will contribute to the HRA and then the employee uses that money to pay for certain qualifying medical expenses. Some types of HRAs allow or require the employee to pay monthly premiums for a health plan.

Accepting an HRA will affect Advance Premium Tax Credits:

In most cases, individuals who accept an HRA will either not qualify for tax credits, or must reduce the amount of monthly APTC they receive. It is important that employees who receive an HRA of any kind through work understand how this affects tax credit eligibility.

You must have health coverage to use the HRA:

For many types of HRAs, employees must be enrolled in a qualified health plan for themselves and possibly other family members. Plans offered through kynect health coverage are qualified health plans.

It is important to understand what type of HRA you have or are offered:

Employers can offer different types of HRAs and each type of HRA that is available to the employee can affect that employee's qualification for tax credits or possibly even tax penalties.

You may qualify for a Special Enrollment Period if you newly gained access to an HRA:

Employees who are newly offered a HRA throughout the year can use a Special Enrollment Period to newly enroll in kynect health coverage, change your current kynect plan, or if desired enroll in coverage outside of kynect



Qualified Small Employer HRAs (QSEHRAs)

A Qualified Small Employer Health Reimbursement Arrangement (QSEHRA) may be offered by a small business that does not offer group health coverage. An employee can use a QSEHRA to pay for medical expenses including monthly premiums on qualified health plans.

To use a QSEHRA, an employee must

- Be enrolled in minimum essential coverage (MEC) such as kynect health coverage, coverage through a family member's job, or Medicare Parts A (Hospital Insurance) and B (Medical Insurance) or Part C (Medicare Advantage).
- Provide confirmation to the employer of being enrolled
- Provide confirmation to the employer of still being covered each time a request is made for reimbursement from the QSEHRA
- Use less or none of the tax credit when you're asked by kynect how much the employee wants to use.

If you do not reduce your tax credit now, you may have to pay some or all of it back when you file your federal income tax return:

To lower the chances of having to pay money back at the end of the year, employees who are offered a QSEHRA should reduce the amount of tax credit by at least the monthly amount of the QSEHRA. Before enrolling, kynect will ask how much tax credit an individual wants to use each month; it is important that this amount is reduced dollar for dollar according to the amount offered by an employer. If less tax credit is used, the employee can still claim the credit at the end of the year.

Individual Coverage Health Reimbursement Arrangement (ICHRA)

An Individual Coverage Health Reimbursement Arrangement (ICHRA) may be offered by any sized employer that does not offer group health coverage. An employee can use an ICHRA to pay for medical expenses including monthly premiums on qualified health plans.

If offered an ICHRA, an employee who accepts it must

- Be enrolled in minimum essential coverage (MEC) such as kynect health coverage, coverage through a family member's job, or Medicare Parts A (Hospital Insurance) and B (Medical Insurance) or Part C (Medicare Advantage).
- Provide confirmation to the employer of being enrolled
- Provide confirmation to the employer of still being covered each time a request is made for reimbursement from the ICHRA
- Be aware that accepting an ICHRA will most likely make the employee ineligible for tax credits through kynect unless the ICHRA does not meet "affordability" standards.



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Other Types of Assistance

There are various programs designed to give individuals assistance or tax advantages to offset health care costs. These include:

- Health Savings Accounts (HSAs)
- Medical Savings Accounts (Archer MSAs and Medicare Advantage MSAs)
- Health Flexible Spending Arrangements (FSAs)
- Health Reimbursement Arrangements (HRAs)

More detailed information can be found at <https://www.irs.gov/pub/irs-pdf/p969.pdf>

Please consult your employer, a licensed insurance agent, or a tax professional if you have specific questions about your situation.

ICHRA Employer LCSP Premium Look-up Table

This table will let allow employers determine whether an ICHRA they are offering is considered affordable. This is useful for making sure affordable offers of coverage are being made to avoid the employer responsibility payment, The ICHRA Employer LCSP Premium Look-up Table allows users to access individual market Qualified Health Plans (QHP) lowest cost silver plan (LCSP) data by geographic location.

Please review the ICHRA Employer LCSP Premium Look-Up Table here. [https://khbe-edit.ky.gov/About/FactsandResources/ICHRA Employer Lowest Cost Silver Plan Premium Look-up %20KY State.xlsx](https://khbe-edit.ky.gov/About/FactsandResources/ICHRA_Employer_Lowest_Cost_Silver_Plan_Premium_Look-up_%20KY_State.xlsx)



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