

# Qualified Small Employer Health Reimbursement Arrangement (QSEHRA) Need-To-Knows



A QSEHRA is a tax-advantaged account that allows participants to pay for medical expenses, including health insurance premiums, for themselves and their dependents. Each QSEHRA requires a Summary Plan Description (SPD) which outlines the details of your employer's plan.

## Funding

A QSEHRA is funded solely by the employer; employees are not allowed to contribute. Contribution amounts are determined by the employer, and funding may occur monthly, quarterly, semi-annually, annually, or by claim, depending on plan setup. Refer to the SPD.

## Tax Benefits

QSEHRAs are a tax-free benefit for employees because contributions do not count towards your income.

## QSEHRA Eligibility

QSEHRAs are available for companies that have fewer than 50 full-time employees and offer no group health plan. Employers may exclude the following from receiving the QSEHRA benefit:

- Employees who have not completed 90 days of service
- Employees under age 25
- Part-time and seasonal employees
- Employees covered by a collective bargaining agreement, if accident and health benefits were the subject of good faith negotiations
- Non-resident aliens with no US-source income from the employer

## Eligible Expenses

Participants may use their QSEHRA to pay for the cost of health insurance premiums and other employer-sanctioned, IRS-approved eligible expenses. Refer to your SPD for more information on premium reimbursement.

If you use your QSEHRA to pay for health insurance:

- You (and participating family members) must be enrolled in a plan with minimum essential coverage
- Maximum premium reimbursement is \$5,050 for individuals / \$10,250 for families

## Portability

Since a QSEHRA is owned by the employer, you cannot keep the funds if your employment is terminated (either voluntarily or involuntarily).

## No Double Dipping!

If you have a Flexible Spending Account (FSA) in addition to the QSEHRA, you cannot be reimbursed for the same expense from both accounts.

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