

HEALTH ISSUES

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Administration Issues Final Rules Expanding Access to HRAs

The U.S. Departments of Health and Human Services (HHS), Labor (DOL), and the Treasury have issued [final rules](#) that are intended to expand access to health insurance coverage through health reimbursement arrangements (HRAs). The rules were issued in response to an October 2017 executive order from President Trump, which directed the agencies to expand access to HRAs, as well as association health plans and short-term, limited duration insurance (STLDI) plans.

Existing HRAs are employer-funded accounts that employees can use to pay for out-of-pocket health care expenses, with the exception of health insurance premiums. Under the new rules, which will apply to plans beginning in 2020, employers will be able to use individual coverage HRAs (ICHRAs) to provide workers with funds to pay health insurance coverage through the individual market. Provisions of the new rules include:

- Allowing employers to offer either an ICHRA or a traditional group health plan, while prohibiting them from offering employees a choice between the two;
- Allowing employers to designate certain classes that will be offered an ICHRA, such as salaried workers versus hourly workers, full-time workers versus part-time workers, and workers in certain geographic areas; and
- Requiring employers that offer an ICHRA to do so on the same terms for all employees in a class.

In addition to allowing ICHRAs, the new rules create an excepted benefit HRA. Employers that offer traditional group health plans will be allowed to provide an inflation-indexed excepted benefit HRA of up to \$1,800 per year, even for employees not enrolled in the traditional group health plan, and to reimburse employees for certain qualified medical expenses, including premiums for vision, dental, and STLDI plans.

A document addressing frequently asked questions about the new rule is available [here](#).

The Academy's Health Practice Employee Benefits Committee and Individual and Small Group Market Committee submitted [comments](#) on the initial proposed rule in December 2018.

If you have any questions regarding this *Academy Alert*, please contact David Linn, senior policy analyst (linn@actuary.org, 202-785-6931).

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