

9 Group HRA Plan Designs Employers Can Use for Tax-Free Employee Benefits

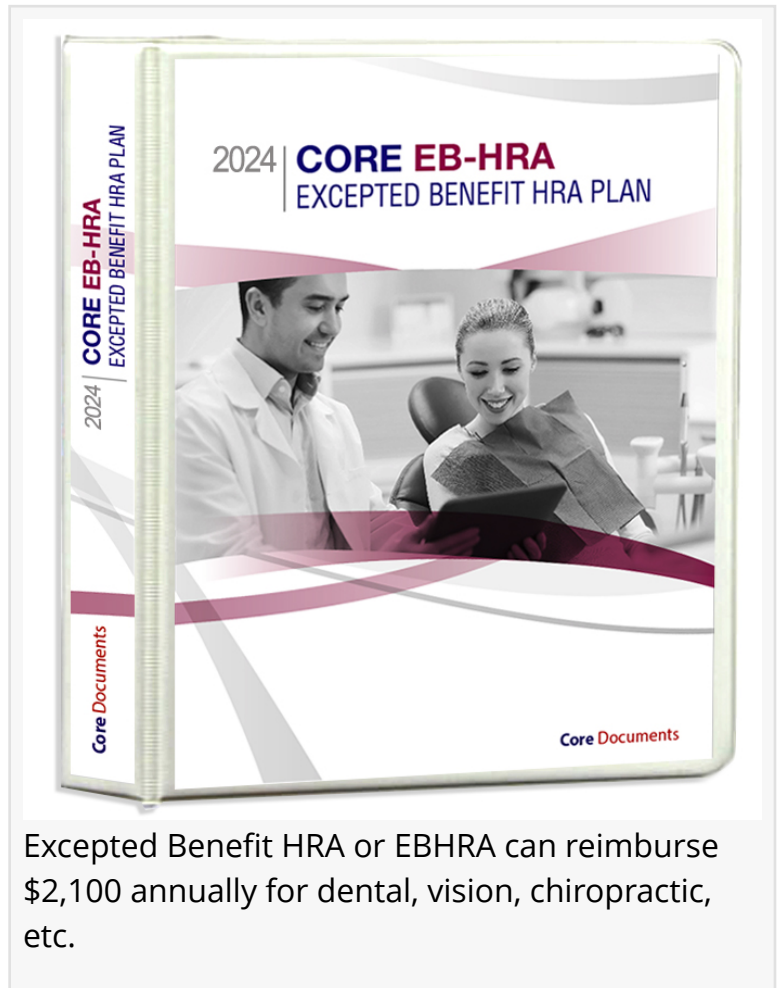
An HRA compliance and plan design expert with 27 years of experience and 70,000+ clients is standing by to help employers with FREE HRA plan design consulting.

BRADENTON, FLORIDA, UNITED STATES, August 20, 2024 /EINPresswire.com/ -- Flexible benefit consultants at Core Documents in Bradenton, Florida are standing by to provide FREE Health Reimbursement Arrangement (HRA) compliance and plan design services for employers interested in establishing an HRA. Core Documents also works directly with insurance agents, accountants, attorneys, payroll companies and CPAs with HRA compliance, training and plan design services free of charge.

Core Documents is the nation's leading provider of affordable IRS and DOL-compliant plan documents businesses need before they offer tax-free employee benefits. Since 1997, Core Documents has assisted over 70,000 US businesses install an HRA or Section 125 Cafeteria Plan, including the Premium Only Plan, Health FSA and Dependent Care Assistance Plan (DCAP) FSA plans.

An HRA is technically an employer-sponsored, limited self-funded group health plan. The employer plan sponsor is like an insurance company and the employee is the policyholder beneficiary of the limited, defined benefits that are tax-free.

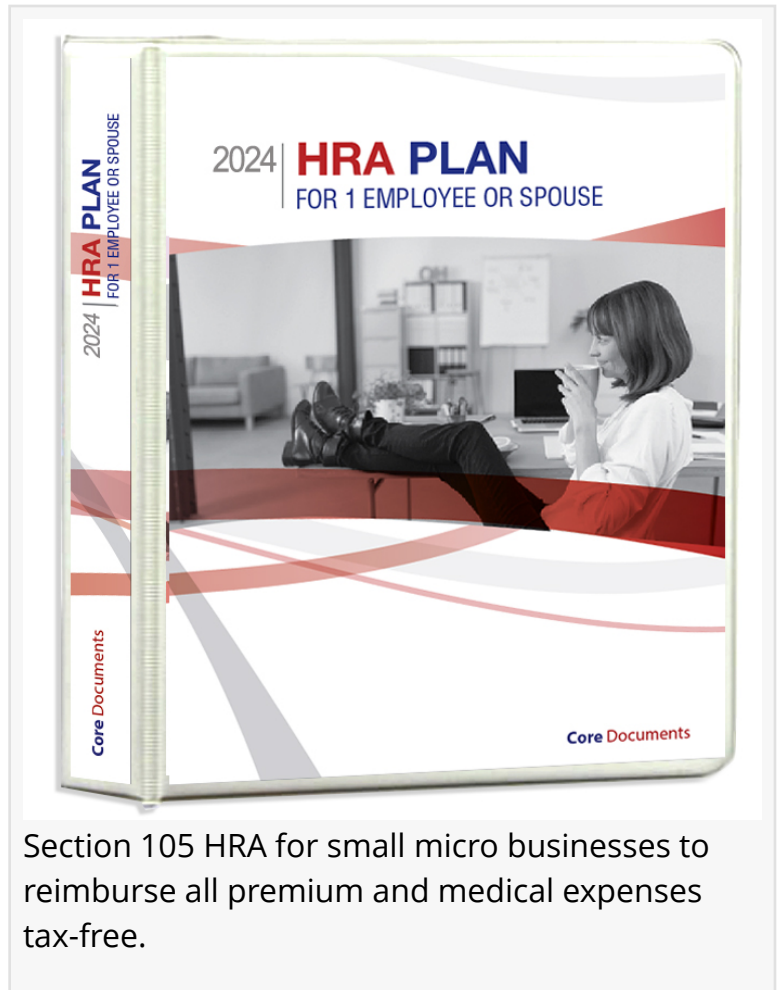
The IRS requires employers who want to set up an HRA to establish a written HRA Plan Document. The Department of Labor (DOL) requires HRA plan sponsors to distribute a Summary Plan Description (SPD) to all employee participants.



These are the 9 HRA plan designs employers can use to provide tax-free insurance premium and medical expense benefits to their employees:

1) Section 105 HRA:

Introduced in 1954 the Section 105 HRA is designed for just one employee or the owner's spouse. The Section 105 HRA is unique because the Affordable Care Act (ACA) did not consider a one-employee HRA a group health plan. It escaped many of the limitations of the 2+ employee HRA plans after the ACA. Husband and wife constitute just one employee based on a recent IRS Q&A. This HRA acts like a healthcare bucket that can reimburse the employer first dollar for all out-of-pocket health and supplemental premiums, medical expenses, dental, vision, natural care, Rx, deductibles, co-payments, and coinsurance to be deducted tax-free.



Section 105 HRA for small micro businesses to reimburse all premium and medical expenses tax-free.

2) Qualified Small Employer HRA ([QSEHRA](#)):

Introduced January 1, 2017, for employers with less than 50 employees who do not have group health insurance to pay for Exchange individual health insurance. Out-of-pocket medical can also be elected plus premium reimbursement. This HRA has annual IRS indexed limits, for 2024: \$6,150 Individual and \$12,450 Family.

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In a post Affordable Care Act world where health insurance is no longer affordable, every employer should offer an HRA or a Section 125 Plan to eliminate income taxes on premium and medical expenses.”

Gene Ennis

3) Individual Coverage HRA ([ICHRA](#)):

Introduced January 1, 2020, for employers of any size who do not have group health insurance to buy Exchange individual health insurance. Out-of-pocket medical can also be elected plus premium reimbursement.

4) Excepted Benefit HRA (EBHRA):

Introduced January 1, 2020, integrated with employer group health. The EBHRA can pay \$2,100 a year for excepted benefits such as dental, vision, chiropractic, etc.

Group Coverage HRA ([GCHRA](#)):

Introduced in 1954 the Group Coverage HRA is designed for groups with 2 or more employees. In 2004 the IRS first identified these plans as Health Reimbursement Arrangements or an HRA. In 2014 the Affordable Care Act required all HRA designs with 2 or more employees to be integrated with employer-sponsored ACA-qualified group health insurance. The following five HRA design options are available for employers with group health insurance.

5) GCHRA Comprehensive Plan:

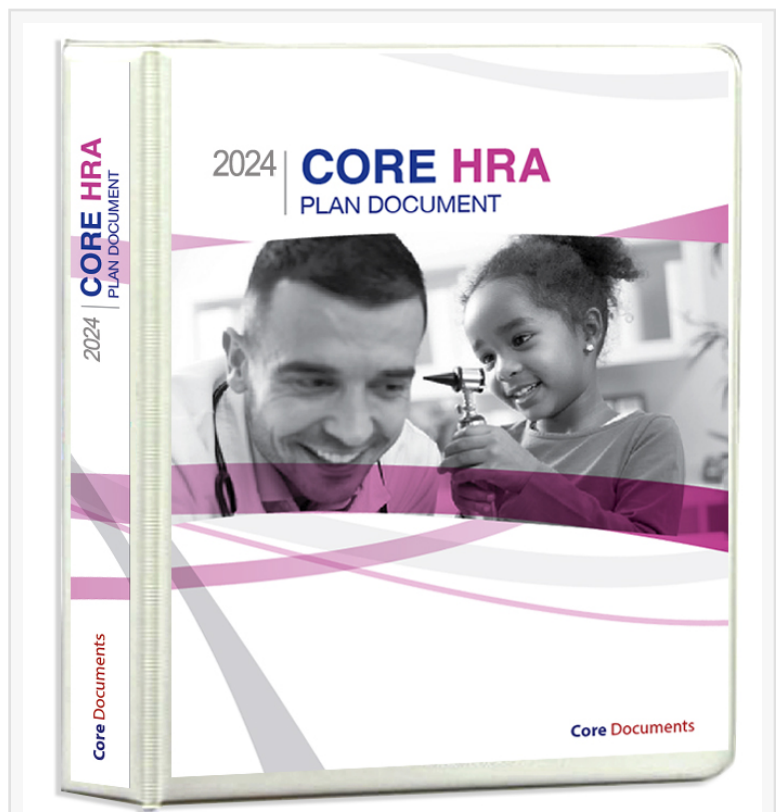
Can be integrated with any group health insurance plan to pay any or all expenses not covered by the insurance plan. See IRS Publication 502 for a complete list of tax-deductible premium and medical, dental and vision expenses that qualify for tax-free reimbursement.

6) GCHRA Deductible Gap Plan:

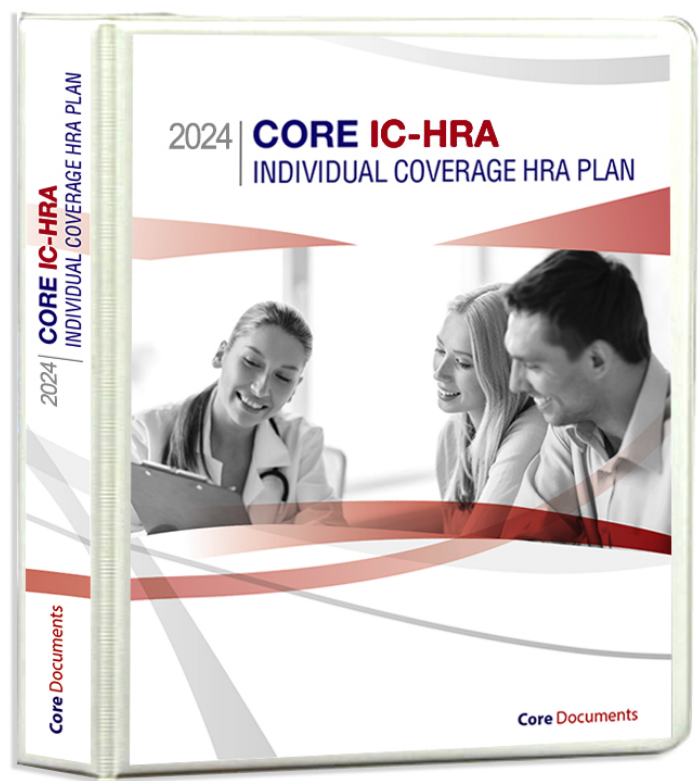
Can be integrated with any group health insurance plan. Employer elects a much larger deductible health plan for substantial savings and insulates the employees from the higher deductible with this HRA. Example: Employer purchases a \$5,000 deductible instead of their normal \$2,000 deductible for substantial annual premium savings. The employee still pays their normal \$2,000 deductible; the HRA pays from \$2,001 to \$5,000 only to employees who experience a deductible over \$2,000. Expect up to 20% of employees to have a deductible expense so the end savings can be roughly calculated.

7) GCHRA Limited Plan:

Can be integrated with any group health insurance plan. Can be designed to cover



Group Coverage HRA integrated with group health insurance for extra coverage.



Individual Coverage HRA (ICHRA) to reimburse individual health insurance tax-free at work.

any specific charge or combination of charges such as dental, weight loss injections, large hospital copay, etc. to reduce annual insurance premiums for substantial savings. Or cover an item not insured by the health plan like weight loss injections. Example: Employer discovers they can save a thousand dollars a year, per employee in premium, times 20 employees if they add a \$500 hospital co-payment. Actuaries will tell you 20% or less of employees will have a hospital confinement, or up to 4 of the 20 employees. The employer calculates maybe \$2,000 (4 - \$500 co-pays) and \$18,000 or more in annual savings.

8) GCHRA Medicare Plan:

Can be integrated with any group health insurance plan. Allows groups with less than 20 employees to let Medicare-aged employees choose Medicare and Medicare

Supplemental coverage instead of group health insurance. Many employees prefer Medicare to an employer-group health plan because Medicare may have better benefits at a lower cost.

9) GCHRA Retiree Plan:

Can be integrated with any group health insurance plan. Is set up specifically for retired employee benefit payouts tax-free.

The owner of Core Documents, Gene Ennis, has almost 40 years of experience in the employee benefits industry. He's held Certification in Flexible Compensation (CFC), a 218 life and health insurance license, a third-party administrator's (TPA) license administering millions of dollars in ERISA self-funded health plans, and a Professional Employer Organization (PEO) license and a PEO Controlling Person's license administering payroll and benefits for 500 worksite employees. He has owned and operated Core Documents since 1997 where he has custom-designed and implemented over 70,000 HRA and Section 125 plans for clients all over the United States.

Gene Ennis

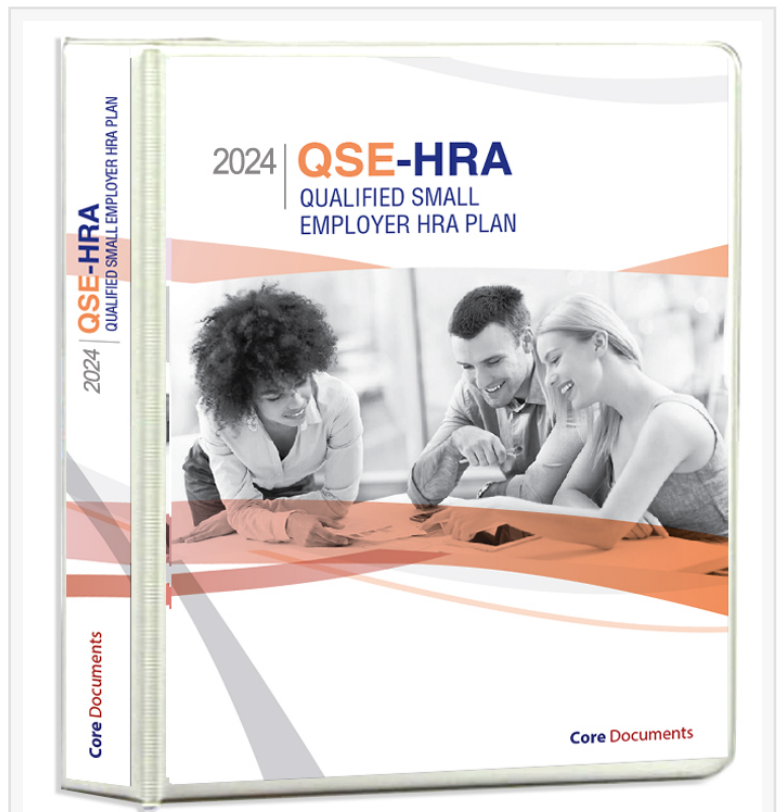
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The QSEHRA allows tax-free reimbursement for individual health insurance.

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