

Relief from ACA “Market Reforms” On the Horizon for Small Business Owners?

Bipartisan legislation was recently introduced in the House and Senate to provide permanent relief for small employers from the so called “market-reform” rules associated with Obama Care.

This bill amends the Internal Revenue Code and the Employee Retirement Income Security Act of 1974 (ERISA) to allow an employer with fewer than 50 employees that does not offer group health insurance coverage to establish a health reimbursement arrangement (HRA). Under the arrangement, funds contributed by an employer are excluded from the employer's taxable income and are used to pay or reimburse employees for medical care expenses, including premiums for individual health insurance coverage or Medicare supplemental insurance.

Here are the proposed details:

1. The reimbursement arrangement:
 - Could not be used to pay premiums for an employee covered by another family member's coverage,
 - Would have to be offered to all eligible employees on the same terms, though reimbursement amounts would be allowed to vary based on the number of individuals covered, and
 - Would not be required to provide continuation coverage after termination.
2. Employer contributions to an HRA would not have to be included in an employee's gross income provided the employee was covered by the reimbursement arrangement for more than nine months of the calendar year. Employees covered for less than nine months would have a percentage of the employer contributions included in their gross income, with some exceptions.
3. An employee participation in the HRA who purchased an “individual” health insurance plan for themselves (or themselves and their family) from the market place would no longer be eligible for any potential health care premium assistance.
4. Employers would be required to report contributions to a HRA on their employees' W-2.

5. The bill amends the Public Health Service Act to exempt reimbursement arrangements from the requirement(s) of having an associated employer health insurance plan in place. On the other hand, insurance offered by an employer as part of a reimbursement arrangement would remain subject to the requirements of Obama Care.

Source: HR 2911 Small Business Health Care Relief Act

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