Joint Cover AZ Coalition Call
Wednesday October 16, 2019
Cover AZ Coalition Call
Begins at 10am
Introduction
  - Marcus Johnson, Kaihe Akahane, & Jon Langmead

Marketplace rates & limited benefit plans
  - Mary Boatright, ADOI

Medicaid Work Requirements – Lesson’s from Arkansas
  - Amanda Nelson, Vitalyst
**A Recap of the Cover AZ Assister Trainings**
  * Marcus Johnson, Vitalyst

**CMS Updates**
  * Health Reimbursement Arrangements
    * Kaihe Akahane, CMS
* Covered Clips
  * Marcus Johnson, Vitalyst

* Next call
  * Wednesday December 18, 2019
Marketplace rates & limited benefit plans

Mary Boatright, ADOI
Medicaid Work Requirements – Lesson’s from Arkansas

Amanda Nelson, Vitalyst
Recap of the Cover AZ Assister Trainings

Marcus Johnson, Vitalyst
Individual Coverage Health Reimbursement Arrangements: Pre-Open Enrollment Period Training

Fall 2019
What is an HRA?

- An **HRA** is a group health plan funded solely by employer contributions that reimburses an employee’s medical care expenses up to a maximum dollar amount for a coverage period.*
- HRA reimbursements are excludable from the employee’s income and wages for federal income tax and employment tax purposes.
- An employer may allow funds that remain in the HRA at the end of the year to carry over into future years.
- In addition to the employee, an HRA may also reimburse expenses incurred by the employee’s spouse, dependents, and children who, as of the end of the taxable year, have not attained age 27 (dependents).

*Medical care expenses means expenses for medical care as defined under section 213(d) of the Internal Revenue Code.*

Resource: [Health Reimbursement Arrangements - CMS.gov Resource Page](#)
Individual Coverage HRAs (ICHRA): Impact on PTC
Individual Coverage HRAs: Impact on PTC Eligibility

• A premium tax credit (PTC) is not allowed for an individual’s Marketplace coverage if he/she is offered an ICHRA that is affordable. This applies to employees as well as spouses and dependents of employees to whom the offer extends.

• If the ICHRA is not affordable based on standards set forth in the final rule, a PTC is allowed if the employee offered the coverage “opts out” of the HRA and the other PTC requirements are met.

• A PTC is not allowed for an individual’s Marketplace coverage if the individual chooses to be covered by an ICHRA, regardless of whether the HRA is affordable.
What makes an ICHRA affordable?

For 2020, an ICHRA is considered affordable for an employee (and dependents, if applicable) if the monthly premium of the self-only lowest-cost silver plan (LCSP) in the employee’s area, minus the monthly amount made available to the employee under the ICHRA, does not exceed 9.78%* of 1/12 of the employee’s household income.

*This “required contribution percentage” is indexed annually.

Affordable HRA Example

Self-only LCSP monthly premium – monthly ICHRA amount

\[(\$500 - \$200 = \$300) \leq \]

Employee’s household income for the tax year / 12 * the required contribution percentage

\[\left(\frac{\$51,000}{12} \times 9.78\% = \$415.65\right)\]
Scenario 1: Employee without dependents has an offer of an affordable ICHRA

- For 2020, Jane (single, no dependents) has estimated household income of $51,000.
- Jane’s employer offers its employees an ICHRA starting on January 1, 2020 that reimburses $2,400 of medical care expenses for single employees with no children.
- The self-only monthly premium for the lowest cost silver plan (LCSP) that is offered in the Exchange for the rating area in which Jane resides is $500.
- Jane’s required contribution is $300, which is lower than the product of the required contribution percentage and her household income divided by 12. Therefore, the ICHRA is affordable, and Jane is not eligible for APTC.
  - $500 - $200 = $300 (Jane’s required contribution: self-only LCSP monthly premium – monthly ICHRA amount)
  - ($51,000 x .0978)/12 = $415.65 (1/12 of the product of Jane’s household income for the tax year and the required contribution percentage)
- Jane accepts her employer’s ICHRA offer, and during Open Enrollment, she enrolls in individual health insurance coverage in order to meet her ICHRA’s requirement to be enrolled in such coverage.
ICHRA Employer Notice
ICHRA Employer Notice

• An employee who is offered an ICHRA will generally get a written notice at least 90 days before the beginning of the ICHRA’s plan year.

• However, employees who become eligible during the plan year, or later than 90 days before the start of the plan year (such as newly hired employees), will get their notice no later than the date on which their coverage under the ICHRA can begin.
The final rule requires this “employer notice” to include key information about the ICHRA, such as the dollar amount of the HRA offer, the date that coverage under the HRA may begin, and whether the offer extends to dependents (among other things).

Resource: For more information on the ICHRA employer notice, see the Individual Coverage HRA Model Notice.
Individual Coverage HRA Model Notice

USE THIS NOTICE WHEN APPLYING FOR INDIVIDUAL HEALTH INSURANCE COVERAGE

[Enter date of notice]

You are getting this notice because your employer is offering you an individual coverage health reimbursement arrangement (HRA). Please read this notice before you decide whether to accept the HRA. In some circumstances, your decision could affect your eligibility for the premium tax credit. Accepting the individual coverage HRA and improperly claiming the premium tax credit could result in tax liability.

This notice also has important information that the Exchange (known in many states as the “Health Insurance Marketplace”) will need to determine if you are eligible for advance payments of the premium tax credit. An Exchange operates in each state to help individuals and families shop for and enroll in individual health insurance coverage.

You may also need this notice to verify that you are eligible for a special enrollment period to enroll in individual health insurance coverage outside of the annual open enrollment period in the individual market.

I. The Basics

What should I do with this notice?
Read this notice to help you decide if you want to accept the HRA.

Also, keep this notice for your records. You’ll need to refer to it if you decide to accept the HRA and enroll in individual health insurance coverage, or if you turn down the HRA and claim the premium tax credit on your federal income tax return.

What’s an individual coverage HRA?
An individual coverage HRA is an arrangement under which your employer reimburses you for your medical care expenses (and sometimes your family members’ medical care expenses), up to a certain dollar amount for the plan year. If you enroll in an individual coverage HRA, you must also be enrolled in individual health insurance coverage or Medicare Part A (Hospital Insurance) and B (Medical Insurance) or Medicare Part C (Medicare Advantage) (collectively referred to in this notice as Medicare) for each month you are covered by the HRA. If your family members are covered by the HRA, they must also be enrolled in individual health insurance coverage or Medicare for each month they are covered by the HRA. [Explain where the participant can find information on which medical care expenses are reimbursed by the HRA.]

The individual coverage HRA you are being offered is employer-sponsored health coverage. This is important to know if you apply for health insurance coverage on the Exchange.
Note: There are different kinds of HRAs. The HRA that’s being referred to throughout this notice, and that your employer is offering you, is an individual coverage HRA. It is not a qualified small employer health reimbursement arrangement (QSEHRA) or any other type of HRA.

What are the basic terms of the individual coverage HRA that my employer is offering?

[Add general description of the HRA, including the following specific information:]

1. The maximum dollar amount available for each participant in the HRA is [insert dollar amount(s) and describe applicable terms for any variation based on family size or age].
   [NOTE: If the HRA varies amounts based on family size, add the following: Note that the self-only HRA amount available for the plan year, which is the amount you should tell the Exchange is available to you, is [insert dollar amount(s) and describe any applicable variation based on age]. If you apply for individual health insurance coverage through the Exchange, this is the amount the Exchange will use to figure out if your HRA is considered affordable. [Add any rules regarding the proration of the maximum dollar amount that applies to any participant (or dependent, if applicable) who is not eligible to participate in the HRA for the entire plan year].

2. Your family members [insert are/aren’t] eligible for the HRA. [Revise as needed if some, but not all, family members are eligible.]

3. In general, your HRA coverage will start [insert date plan year begins]. However, if you become eligible for the HRA less than 90 days before the beginning of the plan year or during the plan year, your HRA coverage will start [insert explanation of earliest date coverage could start and the latest date HRA coverage could start and other information about the enrollment procedures, and applicable timing, for these employees.]

4. The HRA plan year begins on [insert date] and ends on [insert date].

5. Amounts newly made available under the HRA will be made available on [insert date(s)].

Note: You will need this information if you apply for health insurance coverage through the Exchange.

Can I opt out of the individual coverage HRA?

Yes. You can opt out of the HRA for yourself (and your family members, if applicable). [Insert information on how and when participants may opt out.]

[Add statement as to whether, upon termination of employment, the participant’s HRA is forfeited or the participant is given the chance to opt out at that time.]

If I accept the individual coverage HRA do I need to be enrolled in other health coverage too?

Yes. You (and your family members, if applicable) must be enrolled in individual health insurance coverage or Medicare for each month you (or your family members) are covered by the HRA. You may not enroll in short-term, limited-duration insurance or only in excepted benefits coverage (such as insurance that only provides benefits for dental and vision care) to meet this requirement.
II. Getting Individual Health Insurance Coverage

How can I get individual health insurance coverage?

If you already have individual health insurance coverage, you do not need to change that coverage to meet the HRA’s health coverage requirement.

If you don’t already have individual health insurance coverage, you can enroll in coverage through the Exchange or outside of the Exchange – for example, directly from an insurance company.

**Note:** People in most states use HealthCare.gov to enroll in coverage through the Exchange, but some states have their own Exchange. To learn more about the Exchange in your state, visit https://www.healthcare.gov/marketplace-in-your-state/.

If you are enrolled in Medicare Part A and B or Medicare Part C, your enrollment in Medicare will meet the HRA’s health coverage requirement. For information on how to enroll in Medicare, visit www.medicare.gov/sign-up-change-plans.

When can I enroll in individual health insurance coverage?

Generally, anyone can enroll in or change their individual health insurance coverage during the individual market’s annual open enrollment period from November 1 through December 15. (Some state Exchanges may provide additional time to enroll.) If your individual coverage HRA starts on January 1, you (and your family members, if applicable), generally should enroll in individual health insurance coverage during open enrollment.

In certain circumstances, such as when your individual coverage HRA starts on a date other than January 1 or if you are newly hired during the HRA plan year, you (and your family members, if applicable) can enroll in individual health insurance coverage outside of open enrollment using a special enrollment period.

If you qualify for a special enrollment period, make sure you enroll on time:

- If you are newly eligible for HRA coverage that would start at the beginning of the HRA plan year, you generally need to enroll in individual health insurance coverage within the 60 days before the first day of the HRA plan year.
- If the HRA was not required to provide this notice 90 days before the beginning of the plan year, or you are newly eligible for HRA coverage that would start mid-plan year (for example, because you are a new employee), you may enroll in individual health insurance coverage up to 60 days before the first day that your HRA can start or up to 60 days after this date. **Enroll in individual health insurance coverage as soon as possible** to get the most out of your individual coverage HRA.

**Note:** If you enroll in individual health insurance coverage through this special enrollment period, you may need to submit a copy of this notice to the Exchange or the insurance company to prove that you qualify to enroll outside of the open enrollment period. For more information on special enrollment periods, visit HealthCare.gov or the website for the Exchange in your state.
Do I need to get new individual health insurance coverage each year if I want to enroll in my individual coverage HRA each year?

Yes. Individual health insurance coverage is typically sold for a 12-month period that is the same as the calendar year and ends on December 31. If your HRA starts on January 1, you will either need to get new individual health insurance coverage or re-enroll in your individual health insurance coverage. If your HRA has a plan year that starts on a day other than January 1, because your individual health insurance coverage will stay in effect until December 31, you do not need to get new individual health insurance coverage or re-enroll until the next open enrollment period.

If you are enrolled in Medicare, your Medicare coverage generally will remain in place year to year.

Do I need to substantiate my (and my family member’s) enrollment in individual health insurance coverage or Medicare to the individual coverage HRA?

Yes. You must substantiate that you (and your family members, if applicable) will be enrolled in individual health insurance coverage or Medicare for the period you will be covered by the HRA. [Add description of when the HRA requires this substantiation to be provided and to whom it should be provided].

Also, each time you seek reimbursement of a medical care expense from the HRA, you must substantiate that you had (or have) (or the family member whose medical care expense you are seeking reimbursement for, if applicable had (or has)) individual health insurance coverage or Medicare for the month during which the expense was incurred.

[Add description of the reasonable substantiation procedures established or provide information on where to find information about those procedures.]

What happens if I am (or one of my family members is) no longer enrolled in individual health insurance coverage or Medicare?

If you (or a family member, if applicable) are no longer enrolled in individual health insurance coverage or Medicare, the HRA won’t reimburse you for medical care expenses that were incurred during a month when you (or your family member, as applicable) did not have individual health insurance coverage or Medicare. This means that you may not seek reimbursement for medical care expenses incurred when you (or your family member, if applicable) did not have individual health insurance coverage or Medicare.

Note: You must report to the HRA if your (or your family member’s) individual health insurance coverage or Medicare has been terminated retroactively and the effective date of the termination.

III. Information About the Premium Tax Credit

What is the premium tax credit?

The premium tax credit is a tax credit that helps eligible individuals and their families pay their premiums for health insurance coverage purchased through the Exchange. The premium tax credit is not available for health insurance coverage purchased outside of the Exchange.
Factors that affect premium tax credit eligibility include enrollment in Exchange coverage, eligibility for other types of coverage, and household income.

When you enroll in health insurance coverage through the Exchange, the Exchange will ask you about any coverage offered to you by your employer, including through an HRA. Your ability to claim the premium tax credit may be limited if your employer offers you coverage, including an HRA.

The Exchange also will determine whether you are eligible for advance payments of the premium tax credit, which are amounts paid directly to your insurance company to lower the cost of your premiums. For more information about the premium tax credit, including advance payments of the premium tax credit and premium tax credit eligibility requirements, see irs.gov/aca.

If I accept the individual coverage HRA, can I claim the premium tax credit for my Exchange coverage?

No. You may not claim the premium tax credit for your Exchange coverage for any month you are covered by the HRA. Also, you may not claim the premium tax credit for the Exchange coverage of any family members for any month they are covered by the HRA.

If I opt out of the individual coverage HRA, can I claim the premium tax credit for my Exchange coverage?

It depends.

- If you opt out of the HRA and the HRA is considered **unaffordable**, you **may claim** the premium tax credit for yourself and any family members enrolled in Exchange coverage if you are otherwise eligible.
- If you opt out of the HRA and the HRA is considered **affordable**, you **may not claim** the premium tax credit for yourself or any family members.

If you are a former employee, the offer of an HRA will not prevent you from claiming the premium tax credit (if you are otherwise eligible for it), regardless of whether the HRA is considered affordable and as long as you don't accept the HRA.

**How do I know if the individual coverage HRA I've been offered is considered affordable?**

The Exchange website will provide information on how to determine affordability for your individual coverage HRA. To find your state’s Exchange, visit: https://www.healthcare.gov/marketplace-in-your-state/.

**Do I need to provide any of the information in this notice to the Exchange?**

Yes. Be sure to have this notice with you when you apply for coverage on the Exchange. If you’re applying for advance payments of the premium tax credit, you’ll need to provide information from the answer to “What are the basic terms of the individual coverage HRA my employer is offering?” on page [page number]. You will also need to tell the Exchange whether you are a current employee or former employee.
If I’m enrolled in Medicare, am I eligible for the premium tax credit?

No. If you have Medicare, you aren’t eligible for the premium tax credit for any Exchange coverage you may have.

IV. Other Information You Should Know

Who can I contact if I have questions about the individual coverage HRA?

Contact: [Add contact information (including a phone number) for an individual or a group of individuals who participants may contact in order to receive additional information regarding the HRA.]

[For use by an HRA subject to ERISA that meets the safe harbor set forth in 29 CFR 2510.3-10]: Is the individual health insurance coverage I pay for with my individual coverage HRA subject to ERISA?

The individual health insurance coverage that is paid for with amounts from your individual coverage HRA, if any, is not subject to the rules and consumer protections of the Employee Retirement Income Security Act (ERISA). You should contact your state insurance department for more information regarding your rights and responsibilities if you purchase individual health insurance coverage.
HRA Resources


Next Meeting

Wednesday December 18, 2019
from 10 – 11:30 am