

## QSEHRA Made Simple!

Small employers with <50 full-time employees can reimburse their employees for health insurance premiums and medical expenses tax-free!

**QSEHRA** allows small employers to set aside a fixed amount of money each month that employees can use to purchase individual health insurance or use on medical expenses, *tax-free*. This means employers get to offer benefits in a tax-efficient manner without the hassle or headache of administering a traditional group plan and employees can choose the plan they want.

**Employers can now give their employees a fixed dollar amount each month, say \$200, and each employee can then shop for the plan that fits his or her needs the best in the individual market.**

Sally can choose a Blue Cross plan for her doctor, Roger can get Aetna to cover his prescription, and Betty can stay on her husband's plan. Gone are the days of comparing quotes from each insurance company or the headache of trying to get everyone what they want without breaking the budget!

### How It works

The mechanics of a QSEHRA are surprisingly simple. Employees pay for their own health expenses and you reimburse them. Here's how it works:

1. Employers design their plan and set reimbursement allowances
2. Employees pay for their own health insurance and medical bills
3. Employees provide proof of their expenses
4. Employers reimburse the employee up to the set limit

The key to note is payments are *reimbursements*. Employees will pay the insurance company or doctor's office directly and then submit a claim to get reimbursed for their expenses tax-free.

A **QSEHRA** is *not* a bank account. This can be a little confusing at first, but it's actually much simpler. Unlike Health Savings Accounts (HSAs) and Flexible Spending Accounts (FSAs) that are *accounts*, the "HRA" in QSEHRA stands for Health Reimbursement *Arrangement*.

We often get asked if business owners have to pre-fund their account or send money to our account so we can distribute it to their employees. The answer is no to both questions—the money stays with the employer until an employee makes a claim that qualifies for reimbursement. If employees never make claims or don't claim the full amount, the employer keeps it all.