

Highlights of Proposed Rule on HRAs

President Trump issued an Executive Order in October 2017 intended to promote choice and competition in health coverage. The three (3) areas of improvement identified in the Executive Order were: association health plans, short-term limited duration insurance (STLDI) and health reimbursement arrangements (HRAs).

During this past year, the Trump administration published rules addressing association health plans and STLDI coverage. In October 2018, the administration published a proposed rule to address HRAs. **This issue of *Legislative Review* provides some highlights of the newly proposed HRA rule.**

Background

The new HRA rule will expand availability of HRAs particularly since it will allow employers to offer HRAs that can fund individual health insurance. Notably, the rule will allow employers of any size to offer this option as long as they follow the HRA guidance.

It's important to note that publication of this rule is a first step. The changes proposed in the rule, if finalized, will begin on or after January 1, 2020. Employers cannot rely on the proposed rule to implement the changes prior to the rule being finalized. And, it is highly likely that the rule will be changed based on comments and criticisms that will be forthcoming.

HRAs are complex concepts from a regulatory standpoint. As such, the proposed rule is a joint rule of the IRS, DOL and CMS.

As HRAs currently stand, the funds cannot be used to purchase individual coverage. This is because HRAs are

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Letter from Karen Knippen

This new proposed rule regarding HRAs is a complicated one. We've just covered some of the main provisions. There are additional provisions regarding limited purpose HRAs which may gain traction, too.

In any event, nothing is cast in stone at this point in time. There will be 60 days for public comments and then final rulemaking.

That's a good thing as this time of year is jam packed with renewals, new business and, of course, family and friends at Thanksgiving!

Hope your holiday is special.

Sincerely yours,



Karen Knippen, RHU, REBC
Senior Vice President

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