

How an Individual Coverage Health Reimbursement Arrangement (HRA) Offer Works



Health Reimbursement Arrangements (HRAs) are account-based health plans that employers can offer to their employees. They reimburse employees for their medical expenses.

- Employees get a tax-free reimbursement up to the maximum amount the employer will repay for health care costs within a certain amount of time.
- Employers may allow unused funds to carry over year to year.
- Employers can extend coverage to both the employee and the employee's household members.

Employers can offer employees an **individual coverage HRA** instead of traditional job-based health coverage. An individual coverage HRA reimburses employees for medical expenses, including monthly premiums and other out-of-pocket costs like copayments and deductibles.

How will I know if I have an individual coverage HRA offer?

If your employer offers you an individual coverage HRA, they'll send you a letter that tells you:

- If the individual coverage HRA is offered to household members.
- How much your employer will reimburse you for medical expenses for each household member.
- The dates the individual coverage HRA starts and ends.

It also includes rules for enrolling in other health coverage and how an HRA could impact Marketplace coverage.

Generally, your employer must send you a letter at least 90 days before the start of the individual coverage HRA plan year. If you become eligible for the individual HRA less than 90 days before the start of the plan year, like if you're a new employee, you'll get a letter from your employer before your individual coverage HRA starts.

How can I enroll in an individual market insurance plan?

To get and use the individual coverage HRA, you and any eligible household members must enroll in an individual market health insurance plan. You can get a plan through the Marketplace or directly through an insurance company. Or, you can use your individual coverage HRA if you're enrolled in Medicare Part A (Hospital Insurance) and Part B (Medical Insurance), or a Medicare Advantage Plan.

Short-term plans and other limited benefits coverage, like dental or vision-only plans, don't meet this requirement.

If you and/or any eligible household members already have individual health insurance coverage, you don't need to change it to meet the HRA's health coverage requirement.

If you're applying for Marketplace coverage, some states use [HealthCare.gov](https://www.healthcare.gov), the Marketplace run by the federal government. Others run their own. For a list of states with their own Marketplace, visit [HealthCare.gov/marketplace-in-your-state](https://www.healthcare.gov/marketplace-in-your-state).

No matter what state you live in, you can enroll in **affordable, quality health coverage**.

Preview plans and prices at [HealthCare.gov/see-plans](https://www.healthcare.gov/see-plans).

When can I enroll in Marketplace coverage?

You can enroll in or change Marketplace plans for the upcoming calendar plan year during the yearly Open Enrollment Period (November 1 – January 15). If you (and eligible household members) have an individual coverage HRA that starts January 1, enroll in a Marketplace plan by December 15 so Marketplace coverage also starts January 1. You **must** enroll in a health insurance plan that starts no later than the date your individual coverage HRA begins.

- If you and your household members are newly offered an individual coverage HRA (like new employees), you may qualify for a Special Enrollment Period to enroll in or change individual coverage. Generally, you'll need to enroll in coverage within 60 days before the date your individual coverage HRA starts.
- If you're hired mid-plan year, your employer might offer different options for when an individual coverage HRA can start so you'll have more time to enroll. Contact your employer or check your individual coverage HRA letter to find out if this applies to you. If so, you can take up to 60 days after the date your individual coverage HRA starts to enroll in your own health plan. Enroll in time for your health plan to start by the last day your individual coverage HRA can begin.

If you gain a new dependent, like if you get married, have a baby, or adopt a child during the individual coverage HRA plan year, check with your employer to learn about deadlines for enrolling your new household member in the individual coverage HRA. Make sure to add the new household member to your Marketplace coverage before the deadline.

Do I still qualify for savings on Marketplace coverage if I'm offered an individual coverage HRA?

It depends. When you fill out a Marketplace application, you'll find out if you qualify for savings on a Marketplace plan, called the "premium tax credit" that lowers the premium — the amount you pay each month to your insurance plan. An individual coverage HRA offer may impact your eligibility for the premium tax credit for Marketplace coverage. The only way you'll qualify for the premium tax credit to help pay for Marketplace coverage is if you don't accept the individual coverage HRA and the individual coverage HRA isn't considered "affordable."

For 2025, an individual coverage HRA is affordable if the monthly premium of the lowest-cost Silver plan for self-only Marketplace coverage (minus the HRA contribution) equals or is less than 9.02% of 1/12 of your monthly household income.

You can use the decision guide at [HealthCare.gov/job-based-help](https://www.healthcare.gov/job-based-help) to help determine if the individual coverage HRA meets "affordability" requirements. To find out for certain, you'll include information about your individual coverage HRA when you visit [HealthCare.gov](https://www.healthcare.gov) and submit an application for health coverage.

The Marketplace will calculate if the offer meets requirements for affordability and will suggest if you should accept or decline the HRA based on if you qualify for the premium tax credit.

- If the HRA **isn't considered "affordable,"** you may be eligible for the premium tax credit for your Marketplace coverage. You can't use both the premium tax credit and the HRA. If you accept your HRA and use the tax credit, you may owe money when you file your federal taxes.
- If the HRA **is considered "affordable,"** you aren't eligible for the premium tax credit for your Marketplace coverage. If the HRA includes payments to cover the expenses of your household members, you can't get the premium tax credit for your household members. You can use your HRA to lower the cost of your Marketplace coverage instead.

Where can I get more information?

Visit [HealthCare.gov/job-based-help/ichra](https://www.healthcare.gov/job-based-help/ichra) to learn more about individual coverage HRAs and other options that may help you pay for health insurance.

How can I learn more?

To learn more about coverage through the Marketplace or your benefits and protections, visit **HealthCare.gov** or call the Marketplace Call Center at 1-800-318-2596. TTY users can call 1-855-889-4325.

You have the right to get your information in an accessible format, like large print, braille, or audio.

You also have the right to file a complaint if you feel you've been discriminated against.

Visit [CMS.gov/About-CMS/Web-Policies-Important-Links/Accessibility-Nondiscrimination-Disabilities-Notice](https://www.cms.gov/About-CMS/Web-Policies-Important-Links/Accessibility-Nondiscrimination-Disabilities-Notice), or call 1-800-318-2596. TTY users can call 1-855-889-4325.

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