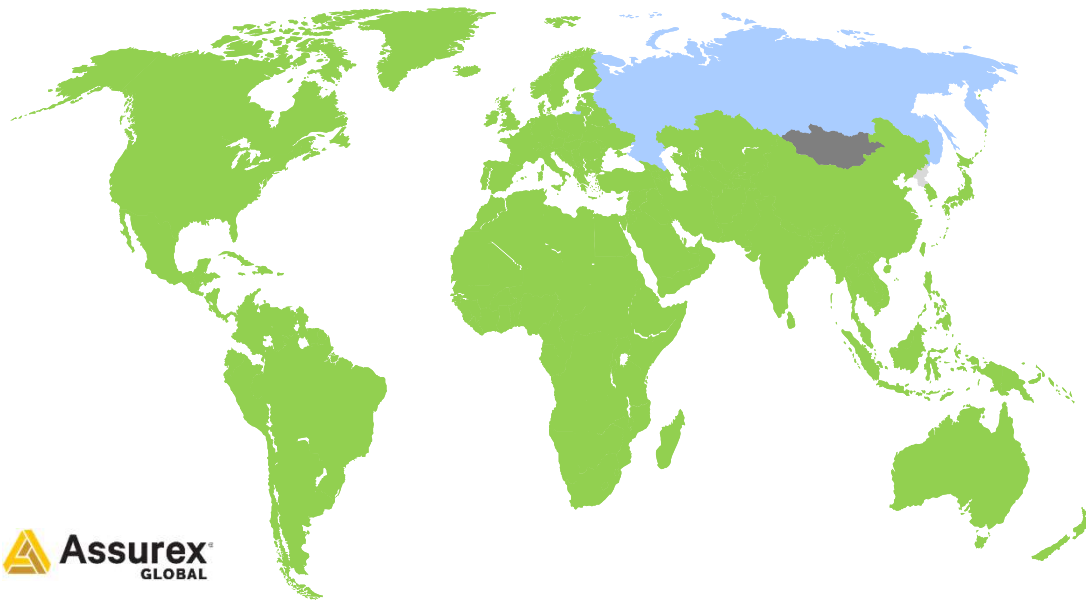


# HRA Comparisons

Presented by Lumelight (formerly Benefit Comply)  
**November 2025**

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## **Standard HRA**

**HRA for dental or vision**

**Excepted benefit HRA  
(EBHRA)**

**Individual coverage HRA  
(ICHRA)**

**Qualified small employer HRA  
(QSEHRA)**

**Retiree HRA**

**HRAs** provide tax-favored employer reimbursement of qualifying medical expenses

# Health Reimbursement Arrangements (HRAs)

## Similarities

- Funded by employer contributions
- Tax-favored reimbursement of qualifying medical expenses
- Cannot cash out unused balances
- Carryovers permitted by design
- Subject to ERISA

## Differences

- Eligible employers
- Eligible employees
- Contribution/funding limits
- Spenddown provisions
- Reimbursable expenses
- Impact on HSA-eligibility
- COBRA requirements
- PCORI fee application
- Nondiscrimination requirements

# HRA Administration

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- Possible to self-administer, but not generally recommended
- Potential compliance issues with self-administration:
  - ⚠ HIPAA privacy and security
  - ⚠ Claims administration
  - ⚠ COBRA administration
  - ⚠ General compliance (e.g., changes affecting HRAs to ensure proper employee notifications, administration of reimbursements, reporting, etc.)

# HRA – ERISA

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- Requires a plan document and summary plan description (SPD)
  - Plan document and SPD may be a combined document and could be part of wrap document with other ERISA benefits
- Form 5500 filing required if there are 100 or more participants (or if there are 100 or more unique participants in the wrap plan)

## HRA – COBRA

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- Most HRAs are subject to COBRA
  - Can be offered bundled with the medical plan if bundled for active participants
- Setting COBRA Premiums
  - Not tied directly to annual funding or remaining balance
  - Applicable premium is “blended” so that it is the same for all HRA qualified beneficiaries

### ***EXAMPLE***

*If HRA for single coverage is funded at \$2,500 annually, but participants on average only use \$1,200, the COBRA premium would be \$102/month (\$100 + 2%)*

# Standard HRA – General Rules

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## Design Considerations

- Can be offered by employers of any size
- Can be offered to any individuals enrolled in group medical coverage
  - Through the same employer or another employer (e.g., spouse's employer)
- No cap on employer funding
- Can reimburse qualifying medical expenses other than individual health premiums; reimbursable expenses can be limited further by design
- Will cause loss of HSA-eligibility unless designed as post-deductible

## Compliance Considerations

- Subject to ERISA, COBRA and PCORI fees
- Subject to §105(h) nondiscrimination rules



## Standard HRA – Common Designs

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Reduce cost-sharing for  
medical plan

Spousal incentive HRA

HRA/HSA stacking

Specific purpose (e.g.,  
infertility)

# Reduce Cost-Sharing for Medical Plan

- HRA could cover some or all of the deductible
  - Ideally coordinated by the administrator to automatically cover cost-sharing before billing the participant
  - Could limit eligible expenses



## HRA/HSA Stacking

- HRA could be post-deductible (with an HDHP) to maintain HSA-eligibility

**Example:** Single HDHP (\$3,000 deductible / \$7,000 OOP) paired with a post-deductible \$1,500 HRA available after \$1,700 in claims have been incurred

HDHP Full Coverage at \$7,000	
100% Preventive Coverage	<b>HDHP Cost-Sharing Applies</b> \$3,000 - \$7,000 <b>HRA &amp; HSA Reimbursement Available</b>
	<b>HRA Reimbursement Available</b> \$1,700 - \$3,000
	<b>Participant Responsibility</b> \$0 - \$1,700 <b>HSA Reimbursement Available</b>

\$3,000 Deductible

\$7,000 OOP Maximum

## Spousal Incentive HRA

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- Offer an HRA to those who waive the employer's medical plan to enroll in a spouse's employer's medical plan

### Eligibility & Administration

- Those who waive the employer's medical plan in favor of another employer's medical plan
- Can be offered to employee, spouse or both
- Must verify enrollment in another employer's plan

### Strategic Benefit

- Encourages employees to waive the employer's plan
- Makes the employer's cost exposure more predictable
- Seen as an advantage to those with access to coverage through a spouse's employer

# HRA for Medicare Reimbursement

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- Generally Not Allowed



- Most employers are not permitted to reimburse Medicare premiums for current employees and their family members due to Medicare Secondary Payer rules
- Creates a prohibited employer payment plan under ACA rules if the arrangement is available to 2 or more current employees

\*\*\*Exception from employer payment plan rules for small employers (<20 employees) who meet certain criteria

# HRA for Dental or Vision (Limited-Purpose)

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## Design Considerations

- Can be offered by employers of any size
- Can be offered to employees and family members
- No cap on employer funding
- Can only reimburse excepted benefits
- Will not impact HSA-eligibility

## Compliance Considerations

- Subject to ERISA and COBRA, but not PCORI fees
- Subject to §105(h) nondiscrimination rules



# Excepted Benefit HRA (EBHRA)

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## Design Considerations

- Can be offered by employers of any size
- Can be offered to employees and family members who are eligible for employer's group medical coverage
- Employer funding capped at \$2,200 in 2026
- Can reimburse qualifying medical expenses other than premiums
- Will cause loss of HSA-eligibility unless post-deductible or limited to reimbursement of excepted benefits

*Very similar to a health FSA, but  
funded solely by employer*

# Excepted Benefit HRA (EBHRA)

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## Compliance Considerations

- Subject to ERISA and COBRA, but not PCORI fees
- Subject to §105(h) nondiscrimination rules

## Potential Use Cases:

- Employees who waive the employer's group medical plan
- Specific reimbursement (e.g., weight-loss) that is made available beyond those enrolled in the employer's group medical plan



# Individual Coverage HRA (ICHRA)

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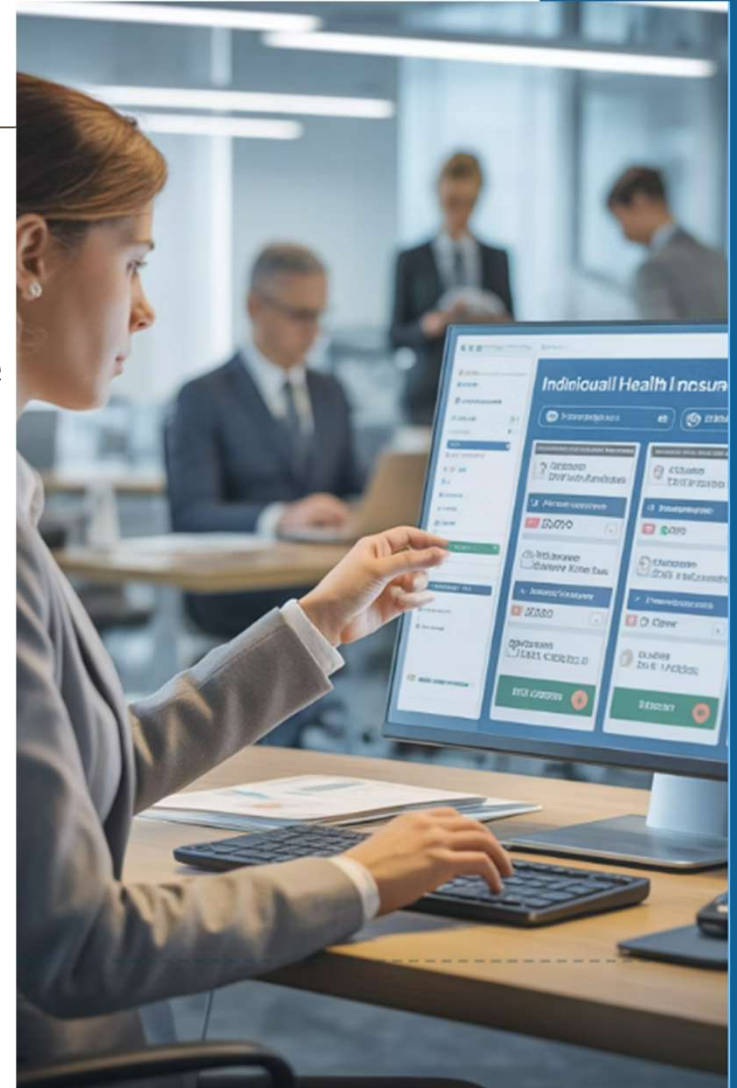
## Design Considerations

- Can be offered by employers of any size
- Can be offered to individuals with individual health coverage or Medicare
  - Cannot give a choice between a traditional group health plan or ICHRA
- No cap on employer funding
  - Must be offered uniformly to all employees within specified classes
  - Contributions may vary by age (3:1) or number of dependents
- Can reimburse all qualifying medical expenses, including premiums
- Will impact HSA-eligibility unless limited to premiums, post-deductible or excepted benefits
- Can meet §4980H(a) and (b) requirements

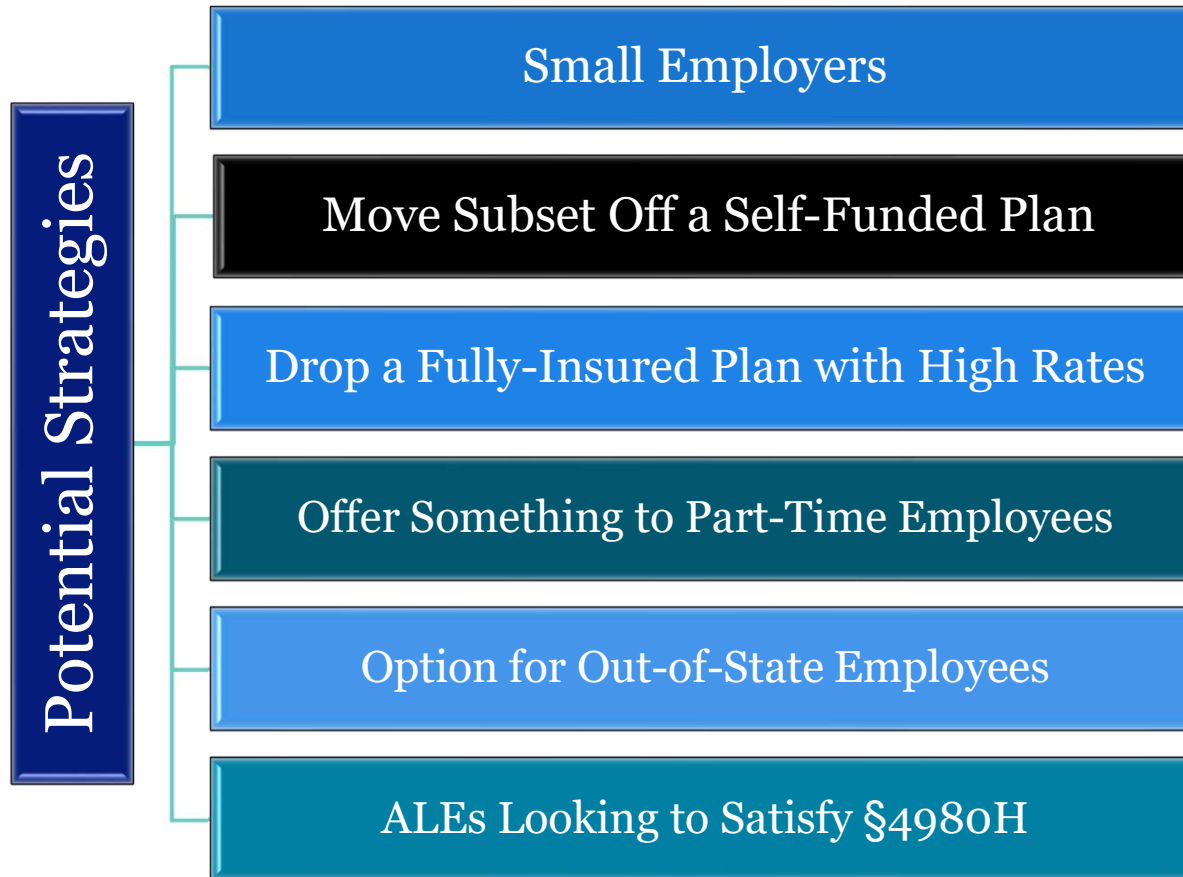
# Individual Coverage HRA (ICHRA)

## Compliance Considerations

- Subject to ERISA, COBRA and PCORI fees
- Subject to §105(h) nondiscrimination rules if available to reimburse more than premiums
- Subject to ACA employer reporting



# Individual Coverage HRA (ICHRA)



*Cannot be offered solely  
to Medicare-eligible*

# Qualified Small Employer HRA (QSEHRA)

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## Design Considerations

- Can be offered only by small employers (<50 FTEs) who don't offer a traditional group health plan
- Must be provided (not offered) uniformly to all employees with a few exceptions
- Reimbursement available only to individuals enrolled in minimum essential coverage (group, individual or Medicare)
- Employer funding capped at \$6,450 for single / \$13,100 for family in 2026
- Can reimburse all qualifying medical expenses, including premiums
- Will impact HSA-eligibility unless limited to premiums, post-deductible or excepted benefits

# Qualified Small Employer HRA (QSEHRA)

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## Compliance Considerations

- Subject to ERISA
- Not subject to COBRA
- Subject to PCORI fees
- Not subject to ACA employer reporting

# Retiree HRA



## Strategic Considerations

- Helps employer budget for exact exposure
- Flexibility for retirees (e.g., COBRA, individual coverage or Medicare)

## Design Considerations

- Can be offered only to retirees and family members
- No cap on employer funding
- Can reimburse all qualifying medical expenses, including premiums
- Will impact HSA-eligibility unless limited to premiums, post-deductible or excepted benefits

## Compliance Considerations

- ERISA, COBRA, PCORI fees, and §105(h)
- Subject to ACA employer reporting





# Questions

# Webinar Wrap-Up

**Thank you to the following Assurex Global Partner Firms for sponsoring this event:**

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**A link to the recording of today's session will be available early next week from the Assurex Global Partner Firm who invited you to today's event.**



## Assurex Global in Numbers



**30k+**  
**Employees**



**100+**  
**Partner Firms**



**\$47B**  
**Annual  
Premium**



**\$5B**  
**Annual  
Revenue**



**730+**  
**Partner  
Offices**



**175**  
**Countries**