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Final HRA rule offers valuable flexibility to employer health plan sponsors

Regulations follow policy recommendation offered by Council

WASHINGTON, DC - "Employers and employees alike will have more options for health care coverage as a result of the new rules issued today by the Treasury Department and Internal Revenue Service (IRS)," said American Benefits Council President James A. Klein.

[Final regulations](#), released by the IRS on June 13, permit employees to use health reimbursement account (HRA) funds to purchase health insurance on the individual market. HRAs are employer-sponsored accounts funded with pre-tax dollars and used to pay for premiums and other qualified medical expenses. Under previous IRS interpretations, [IRS Notice 2013-54](#), employers were effectively prevented from offering stand-alone HRAs that allow employees to purchase coverage on the individual market.

"For years, the Council has urged lawmakers to give employers more flexibility in the design of health benefits by making HRAs more versatile. The final rule generally aligns with the recommendation from our report, [Magnifying A 2020 Vision: A Closer Look at Selected Proposals to Strengthen Employer-Sponsored Health Benefits](#)," Klein said.

"We commend the Administration for taking what we believe is an important step toward greater flexibility in health care coverage," Klein said. "We now call on lawmakers to work together to stabilize the insurance marketplaces, including measures to address costs, as described in our recent [letter to the Senate Health, Education, Labor and Pensions Committee](#)."

For more information on health policy matters, or to arrange an interview with Kathryn Wilber, senior counsel, health policy, contact Jason Hammersla, Council senior director of communications, at jhammersla@abcstaff.org or by phone at 202-289-6700 (office) or (202) 422-4652 (cell).

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