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**For additional information:**

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## Employer health plan sponsors welcome potential flexibility in new HRA rule

*Proposal follows policy recommendation offered by Council*

WASHINGTON, DC – “The Administration’s proposed Health Reimbursement Account rule provides employers and employees more flexibility in meeting health coverage needs of workers and their families,” American Benefits Council President James A. Klein said today.

“Everyone should resist the temptation to make sweeping assumptions – good or bad – about the impact of the proposed rule. It still is proposed and there are many questions to be answered. Overall, though, we believe it is a positive step forward,” Klein said.

The proposed rule, released October 23, permits 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 are effectively prevented from offering stand-alone HRAs that allow employees to purchase coverage on the individual market.

“Since 2014, the Council has urged policymakers to allow employers more options to meet their obligations under the Affordable Care Act by making HRAs more versatile. Today’s proposal generally follows our recommendation from [Magnifying A 2020 Vision: A Closer Look at Selected Proposals to Strengthen Employer-Sponsored Health Benefits](#),” Klein said.

“Ultimately, whether employers use the opportunities envisioned by this initiative will depend on the terms of the final rule and whether workers can obtain good and affordable coverage in the individual market,” Klein said.

“As a group that helped first promote this idea, the Council will work diligently to make sure the final rule meets the needs of employers and workers by strengthening both employer-sponsored health coverage as well as coverage available in the individual market,” Klein concluded.

For more information on retirement policy matters, or to arrange an interview with Klein, contact Jason Hammersla, Council senior director of communications, at [jhammersla@abcstaff.org](mailto:jhammersla@abcstaff.org) or by phone at 202-289-6700 (office) or (202) 422-4652 (cell).

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*The American Benefits Council is the national trade association for companies concerned about federal legislation and regulations affecting all aspects of the employee benefits system. The Council's members represent the entire spectrum of the private employee benefits community and either sponsor directly or administer retirement and health plans covering more than 100 million Americans.*