

Important Information about Your QSEHRA Coverage

Effective [insert date], [your organization] (Company) sponsors a new type of medical reimbursement plan—called a qualified small employer health reimbursement arrangement (or QSEHRA)—for eligible employees. A recent change to the federal tax laws makes it possible for small employers like the Company to sponsor this type of employee benefit. The QSEHRA is an important benefit because it can be used to pay (or reimburse you) for [include a brief description of the expenses that are covered under the QSEHRA, such as premiums for individual health insurance policies and/or other out-of-pocket medical expenses].

Please read below for key information regarding your QSEHRA coverage.

- **Maximum Annual Benefit:** Your maximum benefit under the QSEHRA for this year is [insert amount].
- **Exchange Coverage:** If you purchase health insurance through an Affordable Care Act (ACA) Exchange and you apply for advance payment of the premium tax credit, **you will need to provide the Exchange with information about your maximum QSEHRA benefit.**

There are special rules for coordinating your QSEHRA coverage with your eligibility for a premium tax credit. If your QSEHRA benefit makes your health insurance coverage “affordable” under a federal definition, you will not be eligible for a premium tax credit. If your coverage is not affordable, you may still be eligible for a premium tax credit, but the amount of the credit will be reduced by your QSEHRA benefit.

- **Tax Rules:** In general, payment or reimbursements from the QSEHRA are not included in your income for federal tax purposes. **However, if you do not have health insurance coverage that qualifies as “minimum essential coverage” for any month, you may be subject to a penalty under the ACA for that month and any reimbursements you receive from the QSEHRA may be taxable to you.**

For more information on your QSEHRA coverage, contact [insert contact information].