

Luongo & Associates, PC

Certified Public Accountants



The CURE Act, Small Business HRA (SBHRA)

The new Small Business Health Reimbursement Account (SBHRA), created by the “CURE Act” signed into law on December 16, 2016, allows for tax and penalty-free reimbursement of health insurance individual policies, co-pays, deductibles, etc. if your employee is covered by a their own qualified individual policy or under a spouse’s group health insurance. Only companies with less than 50 equivalent full-time employees in the prior year are eligible to create a SBHRA.

The SBHRA must be written plan and provide for non-discriminatory coverage for all eligible full time employees. For an employee to be eligible they must be at least 25 years old and have been employed for at least 90 days. This does not include seasonal, part-time or union employees and does not include nonresident aliens.

The employees must have qualified insurance to participate and must prove the coverage to the employer. The employee may have a qualified plan from the Marketplace but this benefit might reduce or eliminate the employee’s health insurance credit from the Marketplace.

The employer must make the same contributions to all eligible employees: the amounts may vary based on the family status (single vs. family). The company can decide in their written policy the amount they will reimburse on a yearly basis but can not exceed \$10,000 for family or \$4,950 for single. The written policy should also state whether any amounts can be carried over to a new year or are lost to the employee if not used. This is at the discretion of the employer and is not a pre-funded plan.

Employers who already offer group insurance may not offer this fringe to non-participating employees.

The reimbursement amount must be reported on W-2, paid by employer (not by employee through cafeteria plan).

Does your company qualify to adopt the new Small Business HRA? If you meet these requirements and are interested you should contact a benefit company for further guidance.