

QSEHRA - Q&As
Notice 2017-67- 10/31/17

1. Must Comply With Notice 2017-67 For Plan Years Beginning After 11/19/17
2. If QSEHRA Provided To Employees Prior To 11/20/17, OK If Reasonable Good Faith Interpretation Of The Statute
3. S Corp. Shareholder/Employees & Partners In Partnerships May Not Be Covered By QSEHRA
4. Appears Can Establish QSEHRA For Employees Of S Corp And Reimburse More Than 2% S Corp Shareholder/Employees As Provided In Notice 2008-1 And Notice 2015-17 Outside QSEHRA (See Q&As #3 And #9)
5. If Reimbursing More Than One Current Employee And Fail To Qualify As QSEHRA - Generally Subject To ACA And **\$100 Per Day Per Employee Penalty** Under §4980D

6. Q&As - 72 & 73: What Will Cause An Arrangement To Fail To Be A QSEHRA?

1. Employer Not “Eligible Employer” (e.g., Has 50 Or More Employees Or Another Group Health Plan)
2. QSEHRA Not Provided On Same Terms To All Eligible Employees
3. Reimburses Medical Expenses Without Proof Employee Has Minimum Essential Coverage (MEC) - Employee Must Provide **Proof Of MEC Coverage** Before First Reimbursement For A Year & Must Attest That Coverage Continues Before Each Subsequent Reimbursement (See **Appendix B Of Notice 2017-67** For Forms)
4. Provides Permitted Benefit In Excess Of Limits
5. QSEHRA Operationally Or By Its Terms Reimburses Eligible Employees For Expenses:
 - a. That Have Not Been Substantiated
 - b. Are Reimbursed In Advance Of Substantiation

c. Are Not Qualified Medical Expenses

7. Employees Substantiate Expenses Same Manner As For FSA (Prop Reg. 1.125-6) - For Insurance Premiums As Provided In Rev Rul 61-146 (i.e., Third Party Verification) - Q&A 44
8. If Employee Mistakenly Reimbursed For An Unsubstantiated Medical Expense, Employee Can Substantiate Or Repay By **March 15th** Of Following Calendar Year - Q&A 45
9. If Employee Mistakenly Reimbursed For Expense That Is Not Medical Expense, Employee Can Repay By March 15 Of Following Calendar Year - Q&A 45
10. Employees May Not Waive Participation In QSEHRA (Q&A 11)
11. The QSEHRA May Reimburse Medicare And Medicare Supplemental Premiums (Q&A 22)
12. QSEHRA May Reimburse Premiums For Coverage Under Group Health Plan Sponsored By Employer

Of Employee's Spouse - Q&A 48

- 13.** May Not Reimburse Medical Expenses Incurred Before Employee Eligible To Participate In QSEHRA - Q&A 52
- 14.** An Individual With HDHP Qualifies For HSA As Long As QSEHRA Only Reimburses HDHP Premiums And Expenses Qualifying As Permitted Insurance Or Disregarded Coverage Under §223(c).
- 15.** Initial Notice For QSEHRA Provided During **2017 Or 2018** Must Be Provided To Employees By Later Of: **1)** February 19, 2018 **or 2)** 90 Days Prior To Beginning of QSEHRA Plan Year
- 16.** QSEHRAs Are Self-Insured Health Plans Subject To The Excise Tax Under §4376 Paid Annually With Form 720 - Tax Is **Currently \$2.26** Times Number Of Lives Covered Under Plan (Q&A 74)

"Presidential Executive Order Promoting Healthcare Choice and Competition Across the United States" (Oct. 12, 2017)

Sec. 4. Expanded Availability and Permitted Use of Health Reimbursement Arrangements.

- **Within 120 days of Oct. 12, 2017 - Secretaries of the Treasury, Labor, and HHS Shall Consider Proposing Regulations or Revising Guidance, to Extent Permitted by Law and Supported by Sound Policy, to:**
 - Increase Usability of HRAs,
 - Expand Employers' Ability to Offer HRAs to Their Employees, and
 - Allow HRAs to Be Used in Conjunction with Nongroup Coverage.

Sec. 5. Public Comment. Secretaries Shall Consider and Evaluate Public Comments on Any Regulations Proposed under Sections 2 Through 4 of this Order.

Real Property Trade Or Business

§469(c)(7)(C) Provides That Real Property Trade or Business Means "*Any Real Property Development, Redevelopment, Construction, Reconstruction, Acquisition, Conversion, Rental, Operation, Management, Leasing, or Brokerage Trade or Business.*"

COMPARISON HOUSE VS. SENATE TAX ON JOINT RETURN

<u>Taxable Income</u>	<u>Current (2018)</u>	<u>Tax House</u>	<u>Tax Senate</u>
\$19,050	\$ 1,905	\$ 2,286	\$ 1,905
\$77,400	\$ 10,658	\$ 9,288	\$ 8,907
\$140,000	\$ 26,308	\$ 23,300	\$ 22,679
\$320,000	\$ 80,326	\$ 74,300	\$ 65,879
\$400,000	\$106,726	\$102,300	\$ 91,479
\$1 Million	\$340,144	\$312,300	\$301,479

2018 through 2024

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AMT Exemption Amounts

	<u>2018</u>	<u>Senate Bill 2018</u>
Joint Returns	\$86,200	\$109,400
Single Returns & HOH	\$55,400	\$ 70,300
Married Filing Separately	\$43,100	\$ 54,700
Trusts and Estates	\$24,600	\$ 24,600

AMT Exemption Phase-Out Beginning AMTI Threshold

	<u>2018</u>	<u>Senate Bill 2018</u>
Joint Filers	\$164,100	\$208,400
Married Filing Separately,	\$ 82,050	\$104,200
Single Returns & HOH	\$123,100	\$156,300
Estates and Trusts	\$ 82,050	\$ 82,500