



TAKE COMMAND
H E A L T H

Introduction to QSEHRA

High Performance Earthworks

Great news! Your employer is offering you a health benefit called a QSEHRA, which stands for Qualified Small Employer Health Reimbursement Arrangement. It is a special kind of HRA designed specifically for small employers like yours. It is fully funded by your employer (you do not need to add money to your account), and it is designed to reimburse employees for eligible health insurance premiums and medical expenses tax-free in most cases!

The way it works is you purchase an individual health insurance plan that best fits your health needs, you pay for your healthcare costs out-of-pocket, and your employer will reimburse you up to a certain amount each month!

Eligibility Requirements

To receive reimbursements through the QSEHRA, you must have health insurance that qualifies as Minimum Essential Coverage (MEC). Most plans today meet MEC requirements, such as plans purchased from Healthcare.gov, employer group plans, COBRA, TRICARE, Medicare (A or C), Medicaid, and more.

Plans that do not qualify as MEC include: critical illness, indemnity, short-term plans, vision or dental only, and plans that only offer discounts on medical services. If you need to shop for your individual health insurance plan, Take Command Health can point you in the right direction!

Reimbursements

Each month Take Command Health will send your employer a report telling them how much you claimed for reimbursement. After your employer has reviewed the report, they will reimburse you directly or through your payroll. Please note: reimbursements do not come from Take Command Health.

Have Questions?

Want to learn more about your small business HRA plan? We have a variety of articles on [our blog](#) and [help center](#) to help answer many of your questions! You can also contact support anytime via chat directly on our website or via e-mail at support@takecommandhealth.com.



How to Get Started with Take Command Health

Your company has set up a Qualified Small Employer Health Reimbursement Arrangement (QSEHRA) with Take Command Health. You can now get reimbursed for healthcare costs. Getting set up with Take Command Health is easy!

Eligibility

In order to be eligible for reimbursements through your company's QSEHRA, you must be covered by a health insurance plan that provides Minimum Essential Coverage (MEC). When you access the Take Command Health member portal, we will ask for proof of your coverage to verify eligibility.

1. Activate Your Account

Follow the instructions in the welcome email from Take Command Health. If you don't see that email, let your employer know, or [reset your password](#), and then log into the [Member Portal](#) with the email address your employer used.

2. Purchase Insurance

You'll be responsible for purchasing your own health insurance that qualifies as **Minimum Essential Coverage**. If you don't have health insurance yet, Take Command Health can point you in the right direction to find a plan. If you're already on a plan, you can use that, too!

3. Provide Proof of Coverage

Whether you're already covered by a plan or purchasing a new one, you must [provide proof of coverage](#) to get started. Take Command Health will check that your plan qualifies as Minimum Essential Coverage, which is required to receive reimbursements through the QSEHRA.

Reimbursements

Once we verify your eligibility, then you can begin submitting claims for reimbursement!

1. Set Up Your Premium as an Automatic Recurring Premium

You can [submit your monthly premium as a recurring expense](#) on the Member Portal instead of submitting a separate claim each month. By doing that, we'll automatically create a claim for you each month during the calendar year. Don't forget to update this if your premium or coverage changes.

2. Submit Medical Claims

You can also use your monthly QSEHRA allowance to get reimbursed for medical expenses that you pay out of pocket! Snap a photo of your receipt on your phone or upload a copy online through the Member Portal to [create the reimbursement claim](#).

3. Get Reimbursed!

Take Command Health will track and report your reimbursements to your employer each month, and your employer will reimburse you. You can always [see the status of your claims](#) on the Member Portal.



What Premiums Can Be Reimbursed Through QSEHRA?

Through your company's QSEHRA, your employer will reimburse you for your monthly insurance premiums. **You must be covered by a Minimum Essential Coverage (MEC) health insurance plan in order to receive QSEHRA reimbursements.** As long as you are covered by a Minimum Essential Coverage (MEC) health insurance plan, you are eligible to receive reimbursements through QSEHRA for certain types of insurance premiums. However, there are a few types of plans to be aware of that cannot be reimbursed through your company's QSEHRA, even if you have a MEC Plan. Below is an outline of which plans are and are not eligible for reimbursement through QSEHRA.

Eligible Premiums

Major Medical Plans

Major Medical plans are those compliant with the Affordable Care Act (ACA) and qualify as Minimum Essential Coverage. If you purchased your plan through Healthcare.gov or your state's public marketplace, your plan is a Major Medical plan, and your reimbursement through QSEHRA will be tax-free.

Spouse's Employer Group Plan

If you're covered by your spouse's group plan there are some nuances to know regarding premium reimbursement. First, only the portion of the group premium that is not paid for by your spouse's company is eligible for reimbursement. Second, most group plans are already paid on a pre-tax basis from your spouse's paycheck. This is great! However, the IRS doesn't want you to "double dip" by also getting a pre-tax QSEHRA reimbursement, so your QSEHRA claim for your premium will be paid on a taxable basis. If you can verify that your premium is paid post-tax by your spouse (very rare), then you can still be reimbursed tax-free through QSEHRA!

Government Plans

Medicare, Medicaid, Tricare, and VA Care are all eligible healthcare plans and qualify as Minimum Essential Coverage. If you are on one of these plans and pay a monthly premium out of pocket, those can be reimbursed through QSEHRA tax-free.

Dental Insurance & Vision Insurance Plans

Monthly premiums paid for individual and dental insurance plans can be reimbursed tax-free through QSEHRA. If you have dental and vision benefits through your spouse's employer, only the portion of the group premium that is not paid for by your spouse's company is eligible for

reimbursement. In addition, if your spouse pays the premiums for your dental and insurance plans pre-tax, you can only be reimbursed for these premiums on a taxable basis.

Limited Benefit Plans

Limited Benefit Plans are usually significantly cheaper than Major Medical plans but only provide a fixed amount of benefits (vs. unlimited benefits). These plans include short-term plans, fixed indemnity plans, accident plans, and any other plan that pays a medical benefit. As long as you also have a Minimum Essential Coverage health plan, and the limited benefit plan pays a medical benefit to the provider (not a cash benefit to you), the premiums on these plans can be reimbursed tax-free through QSEHRA.

Ineligible Premiums

Cash Benefit Plans

Cash Benefit Plans pay you cash if you're sick or injured. These plans are sometimes called Critical Illness, Gap, or Out-of-Pocket plans. The premiums on Cash Benefit Plans are not eligible for reimbursement because these plans by definition do not provide a medical benefit. If you have a policy that provides payments for other than medical care, you can include the premiums for the medical care part of the policy if the charge for the medical part is reasonable. The cost of the medical part must be separately stated in the insurance contract or given to you in a separate statement.

Health Sharing Plans

Health Sharing Plans are not technically insurance under the Affordable Care Act, and the "premiums" you pay to be a member of a Sharing Plan, typically referred to as a "monthly share" amount or similar, are not recognized by the IRS as being actual insurance premiums under IRS Section 213(D). Therefore, the monthly share amounts cannot be reimbursed through QSEHRA.

Other Types of Insurance Plans

Additional insurance policies that do not pay a medical benefit and therefore cannot be reimbursed through QSEHRA include:

- Life insurance policies
- Policies providing payment for loss of earnings
- Policies for loss of life, limb, sight, etc.
- Auto insurance



What Medical Expenses Can Be Reimbursed Through a QSEHRA?

You must be covered by a Minimum Essential Coverage (MEC) health insurance plan in order to receive QSEHRA reimbursements. As long as you are covered by a Minimum Essential Coverage (MEC) health insurance plan, you are eligible to receive reimbursements through QSEHRA for medical expenses that you pay out of pocket. In general, an eligible expense is one that was paid for "medical care" for you or your spouse or tax dependents and was incurred while your QSEHRA was active and you were an eligible employee. Medical expenses are reimbursable tax-free. For reference, "Medical care" is defined by the IRS in Section 213(d) and a summary of expenses can be found in IRS Publication 502.

Eligible Medical Expenses

- Abdominal supports
- Abortion
- Acupuncture
- Air conditioner (when necessary for relief from difficulty in breathing)
- Alcoholism treatment
- Allergy medications
- Ambulance
- Anesthetist
- Antacids
- Anti-diarrhea medicine
- Antibiotic ointments
- Arch supports
- Artificial limbs
- Autoeette (when used for relief of sickness/disability)
- Birth control pills (if prescribed)
- Blood tests
- Blood transfusions
- Braces
- Breast pumps and supplies
- Calamine lotion
- Cardiographs
- Chiropractor
- Christian Science practitioner
- Cold medicine
- Contact lenses
- Contraceptive devices (if prescribed)
- Convalescent home (for medical treatment only)
- Cough drops and throat lozenges
- Crutches
- Dental X-rays
- Dental treatment
- Dentures
- Dermatologist
- Diagnostic fees
- Diathermy
- Drug addiction therapy
- Drugs (if prescribed)
- Elastic hosiery (if prescribed)
- Eyeglasses
- FICA and FUTA tax paid for medical care service
- Fees paid to health institute (if prescribed)
- Feminine hygiene products
- First aid creams
- Fluoridation unit
- Guide dog
- Gum treatment
- Gynecologist
- Healing services
- Hearing aids and batteries
- Hospital bills
- Hydrotherapy
- Insulin treatment
- Lab tests
- Lead paint removal
- Legal fees
- Lodging (away from home for outpatient care)
- Metabolism tests
- Motion sickness pills
- Neurologist
- Nicotine medications and nasal sprays
- Nursing (incl. board and meals)

- Obstetrician
- Operating room costs
- Ophthalmologist
- Optician
- Optometrist
- Oral surgery
- Organ transplant (incl. donor's expenses)
- Orthopedic shoes
- Orthopedist
- Osteopath
- Oxygen and oxygen equipment
- Pain relievers
- Pedialyte
- Pediatrician
- Phone or TV equipment to assist the hard-of-hearing
- Physician
- Physiotherapist
- Podiatrist
- Postnatal treatments
- Practical nurse for medical services
- Prenatal care
- Prescription medicines
- Psychiatrist
- Psychoanalyst
- Psychologist
- Psychotherapy
- Radium therapy
- Registered nurse
- Sinus medications and nasal sprays
- Sleep aids
- Special school costs for people with disabilities
- Spinal fluid test
- Splints
- Sterilization
- Suppositories and creams for hemorrhoids
- Surgeon
- Therapy equipment
- Transportation expenses (relative to health care)
- Ultra-violet ray treatment
- Vaccines
- Vasectomy
- Vitamins (if prescribed)
- Wart removal medication
- Wheelchair
- X-rays

Ineligible Medical Expenses

- Acne treatments
- Advance payment for following year services
- Athletic club membership
- Automobile insurance premium allocable to medical coverage
- Boarding school fees
- Bottled water
- Commuting expenses of a disabled person
- Cosmetic surgery and procedures
- Cosmetics (incl. face cream and moisturizer)
- Cosmetics, hygiene products and similar items
- Dietary supplements
- Fiber supplements
- Funeral, cremation, or burial
- Health programs offered by hotels, clubs, and gyms
- Herbs
- Illegal operations and treatments
- Illegally procured drugs
- Lip balm (incl. Chapstick or Carmex)
- Maternity clothes
- Medicated shampoos and soaps
- Premiums for life insurance, income protection, disability, loss of limbs, sight or similar benefits
- Scientology counseling
- Social activities
- Special foods and drinks
- Specially designed car for people with disabilities
- Stop-smoking programs
- Suntan lotion
- Swimming pool
- Toiletries (incl. toothpaste)
- Travel for general health improvement
- Tuition and travel expenses for sending a child to a school for behavioral issues
- Vitamins (daily)
- Weight loss drugs for general well being
- Weight loss program



What happens to Premium Tax Credits with QSEHRA?

What is a Premium Tax Credit?

Premium tax credit is a subsidy which is available to those purchasing health insurance from the health insurance marketplace (exchange). The credit provides financial assistance to pay the premiums for the qualified health plan offered through a Marketplace.

How will my QSEHRA affect my tax credit?

If you are receiving a tax credit from the government to subsidize your monthly premium, in general, the QSEHRA will reduce your eligible tax credit amount dollar for dollar. Basically, you will be exchanging the tax credit from the government with the QSEHRA tax-free reimbursement from your employer. You may still access their tax credits if the benefit is less than the premium tax credit (PTC) available to you, or if you are already not accepting your full benefit.

It's important to note that you can't opt-out of the QSEHRA and still receive your full tax credit. Your eligibility for tax credits is based on the reimbursement amount offered to you, not on the amount you actually receive.

For example, if you are eligible for a \$400 premium tax credit but receives \$300 allowance from their small business HRA, they would be able to use only \$100 of the tax credit. The tax credit can be reduced to zero, but it can't go below zero.

You may or may not already be using your entire tax credit, but the QSEHRA allowance will offset your eligible tax credit amount.

What should I do?

When you purchase your policy, you should request an adjusted tax credit from the exchange. If you've already purchased your plan, you can contact the exchange to let them know you want to reduce the tax credit that you are receiving.

We can help you understand the numbers and answer your questions about tax credits & QSEHRA. Reach out to support@takecommandhealth.com with your questions!

A friendly reminder: Please note that we at Take Command Health are not licensed tax professionals.