

## Individual Coverage HRA Notice

# USE THIS NOTICE WHEN APPLYING FOR INDIVIDUAL HEALTH INSURANCE COVERAGE

You are getting this notice because your employer is offering you an individual coverage health reimbursement arrangement (HRA). Please read this notice before you decide whether to accept the HRA. **In some circumstances, your decision could affect your eligibility for the premium tax credit. Accepting the individual coverage HRA and improperly claiming the premium tax credit could result in tax liability.**

This notice also has important information regarding where you purchase your medical coverage. Your employer is using the Benefitbay platform to assist you in purchasing your medical coverage. If you purchase coverage on a Public, State or Federal Exchange (known in many states as the “Health Insurance Marketplace” or “On-Exchange”) or other marketplaces and carriers (often referred to as “Off-Exchange”), please refer to Page 2, Section “Can I opt out of the individual coverage HRA?” and Page 3, Section “How can I get individual health insurance coverage?”

You may also need this notice to verify that you are eligible for a special enrollment period to enroll in individual health insurance coverage outside of the annual open enrollment period in the individual market.

### I. The Basics

#### What should I do with this notice?

**Read this notice** to help you decide if you want to accept the HRA.

Also, **keep this notice** for your records. You will need to refer to it if you decide to accept the HRA and enroll in individual health insurance coverage, or if you turn down the HRA and claim the premium tax credit on your federal income tax return.

**Note: Not everyone qualifies for the premium tax credit (See Page 2, Section “Can I opt out of the individual coverage HRA?”)**

#### What’s an individual coverage HRA?

An individual coverage HRA is an arrangement under which your employer reimburses you for your medical premium expenses (and sometimes your family members’ medical premium expenses), up to a certain dollar amount for the plan year. If you enroll in an individual coverage HRA, **you must also be enrolled in** individual health insurance coverage or Medicare Part A (Hospital Insurance) and B (Medical Insurance) or Medicare Part C (Medicare Advantage) (collectively referred to in this notice as Medicare) for each month you are covered by the HRA. If your family members are covered by the HRA, **they must also be enrolled in** individual health insurance coverage or Medicare for each month they are covered by the HRA. The HRA is only authorized to pay individual medical plan premiums to the carrier for the initial purchase and each subsequent month during employment.

The individual coverage HRA you are being offered is employer-sponsored health coverage. This is important to know if you apply for health insurance coverage on the Exchange.

**Note:** There are different kinds of HRAs. The HRA that is being referred to throughout this notice, and that your employer is offering you, is an **individual coverage HRA**. It is not a qualified small employer health reimbursement arrangement (QSEHRA) or any other type of HRA.

**What are the basic terms of the individual coverage HRA that my employer is offering?**

- (1) The maximum dollar amount available per month for each participant in the HRA will be determined based on each participant's classification and age. If you apply for individual health insurance coverage through the Exchange, this is the amount the Exchange will use to figure out if your HRA is considered affordable.
- (2) Your family members *are* eligible for the HRA.
- (3) In general, your HRA coverage will start Jan 1<sup>st</sup> 2026. However, if you become eligible for the HRA less than 90 days before the beginning of the plan year or during the plan year, you may enroll in individual health insurance coverage up to 60 days before the first day that your HRA can start or up to 60 days after this date.
- (4) The HRA plan year begins on July 1, 2026, and ends on December 31, 2026.
- (5) Amounts newly made available under the HRA will be made available on the HRA plan effective date.

**Note:** You will need this information if you apply for health insurance coverage through the Exchange.

**Can I opt out of the individual coverage HRA?**

Yes. You can opt out of the HRA for yourself (and your family members, if applicable). When you log into the Benefitbay online portal, you will be given the option to enroll in or waive (opt-out) your participation in the individual coverage HRA plan.

**Note:** If your employer contribution is **deemed an affordable contribution**, you (and your family members, if applicable) are **not** eligible for a premium tax credit through the government, even if you opt out of the HRA.

If your employer contribution is **deemed not an affordable contribution**, you may be given **a choice to utilize the HRA employer reimbursement or opt out and utilize your available premium tax credit through the government.**

Upon termination of employment, your individual coverage HRA is forfeited for subsequent months following termination. Benefitbay will notify you and offer to assist you in continuing your coverage, which will include verifying your payment method.

**If I accept the individual coverage HRA, do I need to be enrolled in other health coverage too?**

Yes. You (and your family members, if applicable) must be enrolled in individual health insurance coverage or Medicare for each month you (or your family members) are covered by the HRA. **You may not enroll in short-term, limited-duration insurance or only in excepted benefits coverage (such as insurance that only provides benefits for dental and vision care) to meet this requirement.**

## II. Getting Individual Health Insurance Coverage

### How can I get individual health insurance coverage?

If you already have individual health insurance coverage, you do not need to change that coverage to meet the HRA's health coverage requirement.

If you don't already have individual health insurance coverage, your employer will provide you with access and support in selecting coverage using the Benefitbay platform.

**Note:** Your employer is using the Benefitbay platform to assist you in purchasing your medical coverage. If you purchase coverage on a Public, State or Federal Exchange (known in many states as the "Health Insurance Marketplace" or "On-Exchange") **you may be required to pay your portion of the premium (anything above the HRA Reimbursement amount) on a post-tax basis.** If you purchase coverage using other marketplaces and carriers, (often referred to as "Off-Exchange"), **you may be required to pay your portion of the premium on a pre-tax basis.**

If you are enrolled in Medicare Part A and B or Medicare Part C, your enrollment in Medicare will meet the HRA's health coverage requirement. For information on how to enroll in Medicare, visit [www.medicare.gov/sign-up-change-plans](http://www.medicare.gov/sign-up-change-plans). Your employer is using the Benefitbay platform to assist you in selecting a Medicare plan.

### When can I enroll in individual health insurance coverage?

Generally, anyone can enroll in or change their individual health insurance coverage during the individual market's annual open enrollment period from November 1 through December 15. (Some state Exchanges may provide additional time to enroll.) If your individual coverage HRA starts on January 1, you (and your family members, if applicable), generally should enroll in individual health insurance coverage during open enrollment.

In certain circumstances, such as when your individual coverage HRA starts on a date other than January 1 or if you are newly hired during the HRA plan year, you (and your family members, if applicable) can enroll in individual health insurance coverage outside of open enrollment using a special enrollment period.

If you qualify for a special enrollment period, make sure you enroll on time:

- If you are newly eligible for HRA coverage that would start at the beginning of the HRA plan year, you generally need to enroll in individual health insurance coverage within the 60 days before the first day of the HRA plan year.
- If the HRA was not required to provide this notice 90 days before the beginning of the plan year, or you are newly eligible for HRA coverage that would start mid-plan year (for example, because you are a new employee), you may enroll in individual health insurance coverage up to 60 days before the first day that your HRA can start or up to 60 days after this date. **Enroll in individual health insurance coverage as soon as possible** to get the most out of your individual coverage HRA.

**Note:** If you enroll in individual health insurance coverage through this special enrollment period, you may need to submit a copy of this notice to the Exchange or the insurance company to prove that you qualify to enroll outside of the open enrollment period. For more information on special enrollment periods, visit HealthCare.gov or the website for the Exchange in your state.

**Do I need to get new individual health insurance coverage each year if I want to enroll in my individual coverage HRA each year?**

Yes. Individual health insurance coverage is typically sold for a 12-month period that is the same as the calendar year and ends on December 31. If your HRA starts on January 1, you will either need to get new individual health insurance coverage or re-enroll in your individual health insurance coverage. If your HRA has a plan year that starts on a day other than January 1, because your individual health insurance coverage will stay in effect until December 31, you do not need to get new individual health insurance coverage or re-enroll until the next open enrollment period.

If you are enrolled in Medicare, your Medicare coverage generally will remain in place year to year.

**Do I need to substantiate my (and my family member's) enrollment in individual health insurance coverage or Medicare to the individual coverage HRA?**

Yes. You must substantiate, or provide proof, that you (and your family members, if applicable) will be enrolled in individual health insurance coverage or Medicare for the period you will be covered by the HRA. When enrolling using benefitbay's enrollment partners, no action is needed because coverage will automatically be substantiated. If you enroll using a source outside of benefitbay, coverage must be substantiated prior to the coverage effective date. Please email any questions you might have about substantiation to [support@benefitbay.com](mailto:support@benefitbay.com).

Also, each time you seek reimbursement of a medical care expense from the HRA, you must substantiate that you had (or have) (or the family member whose medical care expense you are seeking reimbursement for, if applicable had (or has)) individual health insurance coverage or Medicare for the month during which the expense was incurred.

**Benefitbay will provide you with an employee checking account for the initial premium payment and for each subsequent months' premium payment. If this payment method and a Benefitbay partner marketplace or carrier is utilized, employee proof of coverage is automatically substantiated. If one of these methods is not used, you will be required to provide Benefitbay with proof of payment of your enrollment for substantiation. If the provided payment account is used with no substantiation, you will receive a post-tax payroll deduction for that amount until substantiation is finalized.**

**What happens if I am (or one of my family members is) no longer enrolled in individual health insurance coverage or Medicare?**

If you (or a family member, if applicable) are no longer enrolled in individual health insurance coverage or Medicare, the HRA won't reimburse you for medical care expenses that were incurred during a month when you (or your family member, as applicable) did not have individual

health insurance coverage or Medicare. This means that **you may not seek reimbursement for medical care expenses incurred when you (or your family member, if applicable) did not have individual health insurance coverage or Medicare.**

**Note:** You must report to the HRA if your (or your family member's) individual health insurance coverage or Medicare has been terminated retroactively and the effective date of the termination.

**III. Information About the Premium Tax Credit**

## What is the premium tax credit?

The premium tax credit helps eligible individuals, and their families, pay their premiums for health insurance coverage purchased through the Exchange (On-Exchange). The premium tax credit is not available for health insurance coverage purchased outside of the Exchange (Off-Exchange). Factors that affect premium tax credit eligibility include enrollment in Exchange coverage, eligibility for other types of coverage, and household income.

When you enroll in health insurance coverage through the Exchange, the Exchange will ask you about any coverage offered to you by your employer, including through an HRA. **Your ability to claim the premium tax credit may be limited if your employer offers you affordable coverage, including an HRA.** (See Page 2, Section “Can I opt out of the individual coverage HRA?”)

The Exchange also will determine whether you are eligible for advance payments of the premium tax credit, which are amounts paid directly to your insurance company to lower the cost of your premiums. For more information about the premium tax credit, including advance payments of the premium tax credit and premium tax credit eligibility requirements, see [irs.gov/aca](https://irs.gov/aca).

## If I accept the individual coverage HRA, can I claim the premium tax credit for my Exchange coverage?

**No.** You may not claim the premium tax credit for your Exchange coverage for any month you are covered by the HRA. Also, you may not claim the premium tax credit for the Exchange coverage of any family members for any month they are covered by the HRA.

## If I opt out of the individual coverage HRA, can I claim the premium tax credit for my Exchange coverage?

It depends.

- If you opt out of the HRA and the HRA is considered **unaffordable** you **may claim** the premium tax credit for yourself, and any family members enrolled in Exchange coverage if you are otherwise eligible.
- If you opt out of the HRA and the HRA is considered **affordable**, you **may not claim** the premium tax credit for yourself or any family members.

If you are a former employee, the offer of an HRA will not prevent you from claiming the premium tax credit (if you are otherwise eligible for it), regardless of whether the HRA is considered affordable and as long as you don't accept the HRA.

## How do I know if the individual coverage HRA I've been offered is considered affordable?

The Exchange website will provide information on how to determine affordability for your individual coverage HRA. To find your state's Exchange, visit: <https://www.healthcare.gov/marketplace-in-your-state/>.

## Do I need to provide any of the information in this notice to the Exchange?

Yes. Be sure to have this notice with you when you apply for coverage on the Exchange. If you are applying for advance payments of the premium tax credit, you'll need to provide information from the answer on Page 2, Section “What are the basic terms of the individual coverage HRA my employer is offering?” You will also need to tell the Exchange whether you

are a current employee or former employee.

**If I'm enrolled in Medicare, am I eligible for the premium tax credit?**

No. If you have Medicare, you aren't eligible for the premium tax credit for any Exchange coverage you may have.

**IV. Other Information You Should Know**

**Who can I contact if I have questions about the individual coverage HRA?**

Mollie Cook, VP of Team Experience, 402-753-6138

Jessica Raasch, Benefits & Payroll Manager, 402-753-6161

*[For use by an HRA subject to ERISA that meets the safe harbor set forth in 29 CFR 2510.3-1(l):* **Is the individual health insurance coverage I pay for with my individual coverage HRA subject to ERISA?***]*

The individual health insurance coverage that is paid for with amounts from your individual coverage HRA, if any, is not subject to the rules and consumer protections of the Employee Retirement Income Security Act (ERISA). You should contact your state insurance department for more information regarding your rights and responsibilities if you purchase individual health insurance coverage.

This 90-day notice document was updated on July 8<sup>th</sup> 2025