

## Background

HRAs are insurance plans with tax-advantaged savings accounts set aside for healthcare spending into which employers may deposit funds up to a certain level to reimburse an employee for medical expenses. Employers may choose to allow employees to use HRA contributions for premiums as well as cost-sharing and other out-of-pocket expenses.

A proposed rule issued by the Administration on Oct 29, 2018 would allow HRAs to be integrated with individual marketplace plans. Employers could offer HRAs in lieu of traditional plans, with some limitations.<sup>2</sup> Employees could also purchase Marketplace plans using HRA funds. Employees offered HRA plans could not be offered a traditional health insurance option.

Currently, forty-nine percent of Americans are covered under employer-sponsored plans.<sup>1</sup> Under the proposed rule, by 2028 “integrated” HRAs are expected to provide coverage to:

- 6.8 million employees who would otherwise have been covered by employer-sponsored plans,
- 3.2 million employees who would otherwise purchase individual coverage without HRAs, and