

Information About San Francisco HRAs

The Health Care Security Ordinance requires employers who employ 20 or more employees nationwide to satisfy the Employer Spending Requirement (ESR) by making the required healthcare expenditures on behalf of all covered employees; maintain records to establish compliance with the ESR; and submit an Annual Reporting Form by April 30th of each year.

There are two Health Reimbursement Arrangement (HRA) plan options that ASi can administer to satisfy the Employer Spend Requirement (ESR). These plans are (1) an Excepted Benefits HRA or (2) an Integrated HRA. ASi also will maintain the required records to establish compliance, and provide the information needed for the Annual Reporting Form.

- **Excepted Benefits HRA** — An Excepted Benefits HRA (EBHRA) will allow reimbursement for eligible dental and vision expenses, as well as long-term care benefits, nursing home, home health, community-based care, and coverage limited to a specific disease or illness.
- **Integrated HRA** — An Integrated HRA (IHRA) is intended to work in conjunction with an employer sponsored group health plan. An IHRA allows for medical expenses and prescription medication, including all other eligible expenses under IRC 213(d). Enrollment for this plan requires an employee to be enrolled in a group medical plan, either through your company or another employer's group plan.

Irrevocable Expenditure – An Irrevocable Health Care Expenditure is an expenditure that cannot be retained or recovered by the employer. Therefore, once an irrevocable expenditure has been made on behalf of a covered employee, the funds, even if unused, can never be recovered by the employer. This also applies to employees who separate employment with their employer and/or if the business ceases to operate.

Some examples of an Irrevocable Expenditure include:

- Premium payments for medical, dental, vision coverage;
- Payments to the 'City Option';
- Contributions to Health Savings Accounts, Medical Savings Accounts, or other **irrevocable reimbursement accounts (i.e. HRAs)**.

Revocable Expenditure – A Revocable Health Care Expenditure is an expenditure that has been allocated by the employer for the benefit of a covered employee, but has not actually been paid to the employee, or an amount that has been paid to a third party administrator that could be recovered or returned to the employer at any time. HRAs are considered revocable because the employer can recover any funds not spent by the covered employee at the time the funds expire (i.e. 24 months from the date of the expenditure or 90 days after separation of employment if not electing COBRA).

Year	Irrevocable	Revocable
2015	60%	40%
2016	80%	20%
2017	100%	0%