



**—CLIENT INSTRUCTIONS—**  
**for Issuing the**  
**Qualified Small Employer HRA**  
**Notice to Employees**

To eligible employees (regulation requires eligible employers *provide* rather than *offer* the QSEHRA benefit; employees cannot opt out of QSEHRA).

This notice must be provided as follows:

- To participating employees and those eligible for participation: within 90 days of the beginning of the calendar year or plan year start (if different).
- To employees who become eligible for the HRA mid-year: by the date of their eligibility.
- Under a transition rule for 2017 and 2018, the 90-day notice must be furnished to all eligible employees no later than February 19, 2018.

The Notice must include the following information:

- The employee's maximum HRA benefit (maximum reimbursements allowed) for the year;
- A statement that if the employee is applying for advance payment of the premium assistance tax credit, he/she shall provide the Exchange with information about the HRA's maximum benefit; and
- A statement that if the employee is not covered under "minimum essential coverage" for any month, he/she may be subject to a penalty under the ACA's individual mandate and reimbursements under the HRA may be includible in his/her gross income.

Any employer who fails to provide the required Notice for reasons other than reasonable cause and willful neglect will be subject to a penalty of \$50 per employee for each failure, up to a maximum annual penalty of \$2,500 for all notice failures during calendar year.

View [Qualified Small Employer HRA Frequently Asked Questions](#) (PDF – DP-5961).

As the administrator of your HRA plan, we aim to make your job as easy as possible. For your convenience, please download the [Qualified Small Employer HRA Notice Template](#) (PDF – DP-5959) and complete as instructed.

- Complete the fillable fields with your plan's individual limits (based on Participant status).
- Distribute to all QSEHRA Participants at least 90 days before plan renewal.
- Issue the Notice 90 days prior to plan year start or within transition guidance.
- Update this Notice annually and distribute annually to QSEHRA Participants prior to the plan start date.

*The information in this communication is confidential and may be used by the authorized recipient only for its intended purpose only.  
Any other use or disclosure is prohibited.*