



NEW REPORTING REQUIREMENT FOR HRA'S AND MERP'S

Health Reimbursement Arrangements (HRA's) and Medical Expense Reimbursement Plans (MERP's) are considered by the Centers for Medicare and Medicaid (CMS) to be group health plans and are now subject to Medicare Secondary Payer (MSP) reporting requirements. This reporting helps control Medicare costs by identifying situations where group health plans are or should be primary to Medicare. Insurance carriers have already been subject to this reporting; however, this is a new reporting requirement for self-administered HRA's and MERP's that must be done on a quarterly basis. Penalties for non-compliance include fines of \$1,000 per day per affected individual for failure to report.

Who Must Report?

Entities required to report are called Responsible Reporting Entities (RRE's). For self-administered HRA's and MERP's, the RRE is the Plan Administrator. Plan Administrators are permitted to contract with a third-party to complete this reporting requirement for their self-administered plan.

If the HRA or MERP is administered by a third party administrator (TPA) where the TPA is responsible for paying and/or adjudicating claims on behalf of the plan, the TPA is the RRE.

If the HRA or MERP is administered by the insurance carrier, the carrier is the RRE.

Who is Exempt?

1. Employers with 20 or fewer employees
2. HRA's or MERP's with an annual benefit less than \$1,000 available for reimbursement (regardless of the amount actually used)

What is Reported?

RRE's must register with CMS and submit electronic reports on a quarterly basis with data including social security numbers, birthdates, and coverage information for employees and their dependents who are age 45 and above. The reporting is required beginning with the first plan renewal after October 1, 2010.

What Should Employers Do?

If an employer sponsors a self-administered HRA or MERP and does NOT qualify for an exemption, that employer may either:

1. Register with CMS and complete the reporting on a quarterly basis as required (go to <https://www.section111.cms.hhs.gov/MRA/LoginWarning.action> to register and for more information);

OR

2. Contract with a third party to complete the quarterly reporting requirement.

The information contained herein is for informational purposes only and is not intended as legal or tax advice.