

Employee Health Reimbursement Arrangement (HRA) Voluntary Opt-Out Form

This form allows you to opt out of benefits you received under the San Francisco Health Care Security Ordinance. If you have any questions about the law or this form, please visit www.sfgov.org/hra or call the San Francisco Office of Labor Standards Enforcement at (415) 554-7892.

You may want to sign this form and opt out of the Health Reimbursement Account (HRA) funds you accrued in 2013 or earlier if you answer “YES” to all of the following questions:

- YES NO I plan to purchase health insurance through Covered California or I have already purchased health insurance through Covered California;
- YES NO I could become eligible for federal tax credits for health insurance, meaning my household income falls into the ranges in the blue box (on the right), and I do not have employer-sponsored health insurance or an offer of employer-sponsored health insurance (including through my spouse’s employer);
- YES NO My HRA will not reimburse me for health insurance premiums (ask your employer for the HRA terms and see page 2 of this form for more information)

Health Care Tax Credit Eligibility (2014)

| | |
|-----------------|----------------------|
| Household of 1: | \$15,856 - \$45,960 |
| Household of 2: | \$21,404 - \$62,040 |
| Household of 3: | \$26,951 - \$78,120 |
| Household of 4: | \$32,499 - \$94,200 |
| Household of 5: | \$38,047 - \$110,280 |

If you answered yes to all of the questions above, “opting out” of your remaining stand-alone medical HRA funds may make you eligible for federal health insurance tax credits. Receiving tax credits could lower the cost of the health insurance you buy through Covered California. **See page 2 of this form for more information.**

You are not required to sign this form. If you knowingly and voluntarily sign this form, you will lose access to any remaining Health Reimbursement Account (HRA) funds that you accrued before January 1, 2014.

I hereby knowingly, voluntarily, and permanently opt out of the Health Care Expenditures contributed to a Health Reimbursement Account (HRA) on my behalf for Hours Paid before January 1, 2014.

Employee Name

Employer’s Name

Employee’s Signature

Today’s Date

The Office of Labor Standards Enforcement developed this Employee HRA Opt-Out Form to ensure that the employee understands his/her rights under the Health Care Security Ordinance and may knowingly and voluntarily choose whether to waive in writing the unused portion of the expenditure. Other forms provided by third-party vendors and health insurance carriers cannot be used in lieu of the City’s Employee HRA Opt-Out Form.

Common Questions about this Form

What are some of the requirements for employers under the Health Care Security Ordinance (HCSO)?

The HCSO requires businesses with 20 or more employees (and nonprofit organizations with 50 or more employees) to make minimum health care expenditures for each of their “covered employees” – generally, those employees who work 8 or more hours per week in San Francisco and have been employed for more than 90 days.

In 2014, employers with 20-99 employees must spend at least \$1.63 for each hour worked by each covered employee. Employers with 100+ employees must spend at least \$2.44 for each hour worked by each covered employee. Employers may choose how they spend the money. For example, employers may pay for health insurance, make payments to the City’s public benefit program, or contribute to a Health Reimbursement Account.

What is a Health Reimbursement Account (HRA)?

An HRA is an employer-sponsored fund that reimburses employees for their out-of-pocket health care costs. HRA allocations are one way that San Francisco employers have been able to comply with the HCSO (described above).

What changed on January 1, 2014, that affects my HRA?

Provisions of the federal Affordable Care Act (sometimes called “Obamacare”) went into effect on January 1, 2014, that limit new contributions to stand-alone medical HRAs. These are HRAs that can be used for medical services and that are not paired with employer-sponsored health insurance.

In addition, the federal IRS issued guidance saying that employees who have access to any funds remaining in stand-alone medical HRAs after January 1, 2014, will not be eligible for federal tax credits when they purchase health insurance through a health care exchange, such as Covered California. That’s because employees who have remaining funds from before January 1, 2014, can use those funds to get reimbursed for their insurance premium payments – unless the employer provided an HRA that excluded insurance premiums from eligible expenses. When the HRA funds run out or are waived, employees who meet the income requirements can start receiving federal premium assistance as soon as the next month.

Is there a benefit to signing this form if I don’t plan to get health insurance through Covered California?

There is no financial benefit to signing this form unless you are purchasing coverage through Covered California, you fall into the income categories on page 1, and the terms of the HRA with the pre-2014 funds do not allow you to be reimbursed for paying health insurance premiums.

If I don’t sign this form, can my employer continue reimburse me for health care costs using the remaining funds in my HRA?

Yes, your employer is permitted to continue to reimburse you for any health care services that were allowed under the existing HRA terms using funds accrued prior to January 1, 2014.

The Office of Labor Standards Enforcement developed this Employee HRA Opt-Out Form to ensure that the employee understands his/her rights under the Health Care Security Ordinance and may knowingly and voluntarily choose whether to waive in writing the unused portion of the expenditure. Other forms provided by third-party vendors and health insurance carriers cannot be used in lieu of the City’s Employee HRA Opt-Out Form.