

## Mendel Quoted in *Forbes* Story Titled “New Law Eases Small Business Health Care Burden (But May Make Repealing ObamaCare Harder)”

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Linda Mendel, of counsel in the Columbus office, was quoted in a *Forbes* story about a new federal regulation that will allow companies to use Health Reimbursement Arrangements to compensate employees who buy their own insurance.

### The story states:

*“Health reimbursement arrangements are, of course, not new. But over the last several years, the Internal Revenue Service had effectively barred employers from having a health reimbursement arrangement, or H.R.A., unless it was tied to an existing group health plan — the opposite of what the new law allows. Under the I.R.S.’s interpretation of the rules, ‘the sponsor would have a group health plan, and then the H.R.A. might be used for cost-sharing under that health plan’ like deductibles and co-payments, says Linda Mendel, a tax lawyer with Vorys, Sater, Seymour and Pease. ‘So it was an add-on.’*

*The agency argued that H.R.A.s used to reimburse individuals buying their own insurance violate a provision in the Affordable Care Act that prohibits insurance plans from capping the coverage for basic medical needs, which are known as essential health benefits. According to the I.R.S., a plan reimbursing employees for insurance is by definition limited to the amount of the reimbursement and so cannot comply with this prohibition on annual limits — even though the actual health insurance itself has no annual coverage limits. Eventually, the I.R.S. issued further guidance that even reimbursement plans relying on taxed contributions run afoul of the ban on capping annual coverage (though employers can give raises that cover the cost of insurance if the raise is not explicitly tied to buying insurance). The penalty in either case, the I.R.S. warned businesses, was severe: \$100 a day, or \$36,500 a year, per each affected employee.”*

To read the entire story, visit [Forbes.com](https://www.forbes.com).

