

By: Senator(s) Hill

To: Insurance;  
Appropriations

SENATE BILL NO. 2425

1 AN ACT TO AUTHORIZE QUALIFIED SMALL EMPLOYER HEALTH  
2 REIMBURSEMENT ARRANGEMENTS FOR THE PURPOSE OF REIMBURSING MEDICAL  
3 EXPENSES FOR ELIGIBLE EMPLOYEES AND THEIR FAMILY MEMBERS; TO  
4 DEFINE CERTAIN TERMS AS USED IN THIS ACT; TO PROVIDE NOTICE  
5 REQUIREMENTS; AND FOR RELATED PURPOSES.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

7 **SECTION 1. Qualified small employer health reimbursement**

8 **arrangement.** (1) For purposes of this section, the following  
9 terms shall have the following meanings, unless the context  
10 clearly indicates otherwise:

11 (a) "Qualified small employer health reimbursement  
12 arrangement" means an arrangement which:

13 (i) Is described in paragraph (b) of this  
14 subsection; and

15 (ii) Is provided on the same terms to all eligible  
16 employees of the eligible employer.

17 (b) An arrangement is described in this paragraph if:



18                   (i) Such arrangement is funded solely by an  
19 eligible employer and no salary reduction contributions may be  
20 made under such arrangement;

21                   (ii) Such arrangement provides, after the employee  
22 provides proof of coverage, for the payment of, or reimbursement  
23 of, an eligible employee for expenses for medical care incurred by  
24 the eligible employee or the eligible employee's family members  
25 (as determined under the terms of the arrangement); and

26                   (iii) The amount of payments and reimbursements  
27 described in subparagraph (ii) of this paragraph (b) for any year  
28 do not exceed Four Thousand Nine Hundred Fifty Dollars  
29 (\$4,950.00).

30                   (c) For purposes of paragraph (a)(ii) of this  
31 subsection, an arrangement shall not fail to be treated as  
32 provided on the same terms to each eligible employee merely  
33 because the employee's permitted benefit under such arrangement  
34 varies in accordance with the variation in the price of an  
35 insurance policy in the relevant individual health insurance  
36 market based on:

37                   (i) The age of the eligible employee (and, in the  
38 case of an arrangement which covers medical expenses of the  
39 eligible employee's family members, the age of such family  
40 members); or



41                   (ii) The number of family members of the eligible  
42 employee the medical expenses of which are covered under such  
43 arrangement.

44           The variation permitted under the preceding sentence shall be  
45 determined by reference to the same insurance policy with respect  
46 to all eligible employees.

47           (d) (i) In the case of an individual who is not  
48 covered by an arrangement for the entire year, the limitation  
49 under paragraph (b) (iii) of this subsection for such year shall be  
50 an amount which bears the same ratio to the amount which would  
51 (but for this clause) be in effect for such individual for such  
52 year under paragraph (b) (iii) of this subsection as the number of  
53 months for which such individual is covered by the arrangement for  
54 such year bears to twelve (12).

55           (ii) In the case of any year beginning after 2018,  
56 each of the dollar amounts in paragraph (b) (iii) of this  
57 subsection shall be increased by an amount equal to:

- 58                   1. Such dollar amount, multiplied by; and  
59                   2. The cost-of-living adjustment determined  
60 under paragraph (f) of this subsection for the calendar year in  
61 which the taxable year begins.

62           If any dollar amount increased under the preceding sentence  
63 is not a multiple of Fifty Dollars (\$50.00), such dollar amount  
64 shall be rounded to the next lowest multiple of Fifty Dollars  
65 (\$50.00).



66 (e) "Eligible employee" means an eligible employee as  
67 defined in Section 83-63-3.

68 (f) "Eligible employer" means an employer that:

69 (i) Is a small employer as defined in Section  
70 83-63-3; and

71 (ii) Does not offer a group health plan to any of  
72 its employees.

73 (g) "Permitted benefit" means, with respect to any  
74 eligible employee, the maximum dollar amount of payments and  
75 reimbursements which may be made under the terms of the qualified  
76 small employer health reimbursement arrangement for the year with  
77 respect to such employee.

78 (2) (a) An eligible employer may offer any eligible  
79 employee a qualified small employer health reimbursement  
80 arrangement for the purpose of reimbursing medical expenses for  
81 such employee and members of this family in accordance with the  
82 provisions of this section. An employer funding a qualified small  
83 employer health reimbursement arrangement for any year shall, not  
84 later than ninety (90) days before the beginning of such year (or,  
85 in the case of an employee who is not eligible to participate in  
86 the arrangement as of the beginning of such year, the date on  
87 which such employee is first so eligible), provide a written  
88 notice to each eligible employee which includes the information  
89 described in paragraph (b) of this subsection.



90 (b) The notice required under paragraph (a) of this  
91 subsection shall include each of the following:

92 (i) A statement of the amount which would be such  
93 eligible employee's permitted benefit under the arrangement for  
94 the year.

95 (ii) A statement that the eligible employee should  
96 provide the information described in subparagraph (i) of this  
97 paragraph to any health insurance exchange to which the employee  
98 applies for advance payment of the premium assistance tax credit.

99 (iii) A statement that if the employee is not  
100 covered under minimum essential coverage for any month the  
101 employee may be subject to tax for such month and reimbursements  
102 under the arrangement may be includible in gross income.

103 (3) For purposes of this section, payments or reimbursements  
104 from a qualified small employer health reimbursement arrangement  
105 of an individual for medical care shall not be treated as paid or  
106 reimbursed under employer-provided coverage for medical expenses  
107 under an accident or health plan if for the month in which such  
108 medical care is provided the individual does not have minimum  
109 essential coverage.

110 (4) The Commissioner of Insurance is authorized to  
111 promulgate rules and regulations necessary to carry out the  
112 provisions of this section.

113 **SECTION 2.** This act shall take effect and be in force from  
114 and after July 1, 2018.

