

It is Our Pleasure to Showcase One of Valued NEW Clients



*Expected Annual
Recurring Savings to
The County of
\$1,744,400*

CLIENT BACKGROUND WITH 360

The County of Bergen is a new client, with approximately 3,000 W2 employees. They are currently implementing our program, and looking forward to not only achieving the savings, but also enhancing their employee benefits offering for their employees without costing the County or their employees a dime.

Client Profile



2,800 W2 Employees eligible expecting to participate in 360 Advantage.



Client is a **State Government Entity**.



Multiple departments with employees located **across Bergen County**.



Their **independent CPA** audited the 360 Advantage program and approved it as **IRS & ACA compliant**.

INDEPENDENT CPA AUDIT FROM COUNTY'S CPA

At The County's request, their independent CPA engaged with 360 Advantage LLC to perform an in depth analysis of the program to ensure IRS and ACA compliance. The results of the audit were conclusive, and that guidance has been provide below as reference. Under their CPA's guidance, The County is implementing the 360 Advantage Program.

From: [REDACTED] Deirdre

Sent: Monday, March 31, 2025 7:14 PM

To: [REDACTED], Jon; Joel Scardelli; Elizabeth [REDACTED]; Joe [REDACTED]

Cc: [REDACTED], Thomas; [REDACTED], Anthony

Subject: RE: Review of 360 Plan

Jon,

After further research combining the 125 plan and the self insured Medical plan the 360 Plan reimbursement would not be taxable to the employee.

I agree with Joel here is my independent research below.

Let me know if you need anything further from me.

1.105-11 reimbursement of a pre-tax employee contribution to health insurance can be non-taxable

Yes, under certain conditions, the reimbursement of a pre-tax employee contribution to health insurance can be non-taxable. Here's a detailed explanation based on the relevant legal provisions:

INDEPENDENT CPA AUDIT FROM COUNTY'S CPA

Legal Reasoning and Rationale

General Rule under Section 105(a)

Section 105(a) of the Internal Revenue Code (IRC) states that amounts received by an employee through accident or health insurance for personal injuries or sickness are included in gross income to the extent such amounts are attributable to contributions by the employer which were not includible in the gross income of the employee, or are paid by the employer [1].

Exclusion under Section 105(b)

However, Section 105(b) provides an important exclusion: gross income does not include amounts paid, directly or indirectly, to the taxpayer to reimburse the taxpayer for expenses incurred for medical care (as defined in section 213(d)) of the taxpayer, their spouse, their dependents, and any child of the taxpayer who has not attained age 27 by the end of the taxable year [1].

Self-Insured Medical Reimbursement Plans

For self-insured medical reimbursement plans, Section 1.105-11(a) of the Treasury Regulations specifies that amounts received by an employee through such a plan, which are attributable to employer contributions or are paid by the employer, are included in the employee's gross income unless such amounts are excludable under Section 105(b) [2].

Non-Discrimination Requirements

To ensure that reimbursements to highly compensated individuals are excludable from gross income, the plan must satisfy the non-discrimination requirements of Section 105(h). A plan fails these requirements if it discriminates in favor of highly compensated individuals as to eligibility to participate or benefits [2].

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Reimbursement of Pre-Tax Contributions

According to Revenue Ruling 61-146, if an employer reimburses employees for premiums they paid directly to insurers, such reimbursements can be excludable from the employees' gross income under Section 106, provided the payments are shown to be in reimbursement of premiums actually paid by the employees to the insurers [3].

Application to Pre-Tax Employee Contributions

If an employee makes pre-tax contributions to a health insurance plan through a cafeteria plan under Section 125, these contributions are treated as employer contributions for tax purposes. Therefore, reimbursements of these pre-tax contributions can be excludable from the employee's gross income under Section 105(b), provided they are for medical care expenses as defined in Section 213(d) and the plan does not discriminate in favor of highly compensated individuals.

Conclusion

Reimbursements of pre-tax employee contributions to health insurance can be non-taxable if they meet the following conditions:

1. The reimbursements are for medical care expenses as defined in Section 213(d).
2. The plan complies with the non-discrimination requirements of Section 105(h).
3. The reimbursements are made under a self-insured medical reimbursement plan or a similar arrangement that qualifies under the relevant sections of the IRC and Treasury Regulations.

By adhering to these conditions, the reimbursements can be excluded from the employee's gross income, making them non-taxable [1] [2] [3].

INDEPENDENT CPA AUDIT FROM COUNTY'S CPA

Cited sources:

[1] § 105. Amounts received under accident and health

plans: <https://app.askbluej.com/source/b07e9d3e-3b08-5bee-8a2e-59ea96d2b8de>

[2] § 1.105-11. Self-insured medical reimbursement

plan.: <https://app.askbluej.com/source/1d4af737-c849-5ef5-bb7a-be0cca14f2dc>

[3] Rev. Rul. 61-146: <https://app.askbluej.com/source/2d96e646-c22b-5e30-931b-27a6d946ae3a>

Additional relevant sources:

CCA 202323006: <https://app.askbluej.com/source/379d290b-c2f0-5ece-9e95-52c3d418d3a1>

PLR 199915054: <https://app.askbluej.com/source/2ee139c3-cbbd-5306-b46c-0485933d35e0>

CCA 201413006: <https://app.askbluej.com/source/e9a6ed9a-a447-5a3f-9214-ff1d9aef1f8d>

PLR 201611003: <https://app.askbluej.com/source/75f32e92-3c95-53c6-89ec-f3738b5f4292>

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