**What Health Insurance Premiums Can Section 105 Plans Reimburse?**

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It's becoming mainstream for small employers to offer tax-free money to their employees through certain types of health benefits plans instead of offering a small group health insurance plan. With this strategy, the employer offers healthcare allowances that employees can use toward qualified health insurance premiums.

The most common way to set up the allowances is with a limited-purpose [Section 105 medical reimbursement plan](https://www.zanebenefits.com/education/section-105-plans-use-cases?__hstc=69472015.999fb024555ca462656b986cebac7c3b.1590146982139.1590185052289.1590185083577.5&__hssc=69472015.1.1590185083577&__hsfp=2984226727).

***So, what types of health insurance premiums can a Section 105 plan reimburse?***

**See next page!**

**Health Insurance Premiums a Section 105 Plan Can Reimburse**

**Section 105 medical reimbursement plans can reimburse the following types of insurance premiums provided they were not already paid with pretax dollars:**

* Major medical individual health insurance premiums
* Limited benefit individual health insurance premiums
* Dental care and vision care premiums
* Qualified ancillary premiums (e.g. accident policies)
* **Medicare Part A or B, Medicare HMO, and employer-sponsored health insurance premiums**
* **Medicare Advantage and Supplement premiums**
* COBRA premiums
* Long-term care premiums

**Health Insurance Premiums a Section 105 Plan Cannot Reimburse**

Health insurance policy premiums that are not reimbursable tax-free through a section 105 medical reimbursement plan include:

* Life insurance policies
* Policies providing payment for loss of earnings ("income replacement"), such as most critical illness and disability policies
* Policies for loss of life, limb, sight, etc.
* Policies that pay a guaranteed amount each week for a stated number of weeks if you are hospitalized for sickness or injury
* Health care ministry sharing programs ("medi-share" or medical share plans)

For a complete listing, see [IRS Publication 502.](http://www.irs.gov/pub/irs-pdf/p502.pdf)

***Questions?***

**Please call the Medicare Hotline at 610-438-6488**

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