

Medical Services Integration

The program is always paired with an ACA-approved major medical plan, forming a compliant **IRC §105 Self-Insured Medical Reimbursement Plan (SIMRP)**. This ensures the structure meets federal requirements and provides meaningful medical benefits.

To clarify, when enrolled in our program, we automatically include a MEC (Minimal Essential Coverage) plan for each of the employees enrolled to maintain compliance. The employee does not need to be enrolled in a major medical insurance prior to implementing our program since we include the MEC coverage

Pre-Tax Eligibility & Gross Income Exclusion

Contributions made by employers for qualifying medical benefits are **excluded from employee gross income** under:

- **IRC §106(a)** – Employer-provided coverage
- **IRC §125** – Cafeteria plan salary reduction
- Qualified medical care defined under **IRC §213(d)** further supports pre-tax treatment.
- IRS Memorandum 201703013 confirms that employer-sponsored wellness programs providing §213(d) medical care are pre-tax eligible.

Regulatory Compliance & Legal Foundations

- The program is designed to comply with the Internal Revenue Code, including:
 - **IRC §§ 105(b), 106(a), 213(d), 125, 104(a)(3), 1.105-11(i)**
 - **ERISA, HIPAA, and ADA** regulations
 - Wellness plan guidelines under the **Affordable Care Act (ACA)**, specifically:
 - **42 U.S. Code §300gg-4(j)(3)(c)** (Participatory wellness activity requirement)

It is also structured in light of **IRS Memorandum 202323006**, which warns against fixed indemnity wellness structures. This plan **avoids taxable events** by using a compliant **WIMPER model** (Wellness Incentive Medical Plan with Employer Reimbursement).

Post-Tax Reimbursements

- Reimbursements for eligible medical expenses under **IRC §213(d)** are **not treated as wages** and are excluded from gross income under **IRC §105(b)**.
- Plan guidelines detail proper handling of these reimbursements to ensure continued post-tax compliance.

Allowance & Reimbursement Standards

- Monthly reimbursement caps follow **Health and Human Services (HHS) 2016 guidance** on fair market value.
- Only expenses tied to preventative and wellness care under **IRC §213(d)** are eligible.
- The plan must be paired with a **Section 125 Cafeteria Plan** and includes structured documentation to meet SIMERP regulatory standards.

Summary of Key Tax Code References

Category	Relevant Codes
• Wellness	• IRC §106(a), §213(d), §105(b), ERISA, HIPAA, ADA
• Medical	• IRC §213(d), ACA
• Pre-Tax	• IRC §106(a), §213(d), §125
• Post-Tax	• IRC §105(b), §213(d), 1.105-11(i), 104(a)(3)

