



Espresa
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LEGAL OVERVIEW

Understanding the Legal Nature of Medical Travel Benefits

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Medical Travel Employee Assistance Program FAQs

The Espresa Medical Travel Benefit helps cover travel costs for healthcare-related needs – for both your employees and their dependents. Here’s a quick breakdown of how it works, including key details on administration and compliance.

What is Espresa’s Medical Travel Benefit?

Espresa’s Medical Travel Benefit helps employees cover or offset travel costs when they need medical care that isn’t available within a reasonable distance from their home. It’s designed to be flexible for employers, while staying compliant with Employee Retirement and Income Security Act (ERISA) and Affordable Care Act (ACA) regulations – giving you the best of both worlds: support for employees and peace of mind for your company.

Why is the Medical Travel Benefit Set Up as an Employee Assistance Program (EAP) Instead of a Health Reimbursement Account (HRA)?

The short answer is that setting it up as an EAP helps protect employees’ eligibility for a Health Savings Account (HSA). Here’s why:

There are different types of HRAs, but the two most common are *Integrated HRAs* and *Excepted Benefit HRAs* – both of which come with some tricky limitations.

- *Integrated HRAs* are tied to a group health plan. This means that to use the HRA, an employee must also be enrolled in the company’s group health insurance. Plus, for HSA participants, any benefits from the Integrated HRA could only kick in after they meet their high-deductible health plan’s (HDHP) deductible. So, no first-dollar coverage.
- *Excepted Benefit HRAs* don’t have to be tied to a group health plan, which sounds great, but there’s a catch: the IRS puts an annual cap on how much employers can offer. This means lifetime limits are not a design option. Also, if the Excepted Benefit HRA covers medical costs that an HDHP would normally cover, it could disqualify an employee from having an HSA.

So why an *EAP* instead? Unlike an HRA, an EAP is designed to provide limited and specific benefits, which means it doesn’t interfere with HSA eligibility. This allows employees to get first-dollar coverage without worrying about losing their HSA benefits. In short, an EAP setup gives employees the flexibility to use the benefit when they need it – without unintended consequences.

How Does the Medical Travel Benefit Qualify as an Excepted Benefit EAP?

The Medical Travel Benefit is carefully designed to meet the specific rules for an *Excepted Benefit EAP* – which means it’s structured in a way that *does not* fall under certain Affordable Care Act (ACA) requirements, for group health plans. This setup allows the benefit to avoid ACA restrictions like the ban on annual or lifetime limits.

To make sure it meets the *Excepted Benefit EAP* criteria, the Medical Travel Benefit follows these key guidelines:

- ***It does not cover actual medical treatment*** – just the expenses related to getting to and from medical care.
- ***The benefit is limited in scope*** – there is a cap on how much an individual (and their dependents) can use, both in terms of dollars and time, as determined by the employer
- ***It's not tied to a specific health plan*** – employees don't need to be enrolled in any group health insurance to qualify.
- ***There are no out-of-pocket costs*** – employees don't have to pay premiums, make contributions, or share any costs to use this benefit.
- ***It is not coordinated with regular health coverage*** – employees with a group health plan are not required to use this benefit before tapping into their major medical health plan.

By following these guidelines, the Medical Travel Benefit stays compliant as an *Excepted Benefit EAP* giving employees extra support without the complications of a traditional health plan.

How Is the Medical Travel EAP Benefit Different from Coverage Under Our Group Health Plan?

The main difference comes down to *flexibility and meaningful support for employees*.

When medical travel is covered *through a group health plan*, it has to follow strict IRS rules under Section *213(d)* – which can make the benefit a lot less helpful in practice. For example, the IRS *caps lodging expenses at just \$50 per night*, which is not realistic for most travel situations. If you want more details, you can check out *IRS Publication 502*, but the bottom line is that these restrictions can make it tough for employees to fully benefit from the coverage.

On top of that, *insurance carriers may add even more restrictions*. Many require detailed documentation, such as a *physician's letter confirming that travel is medically necessary*. In some cases, this can be really difficult – especially if state laws vary on certain procedures, making it hard to get that verification *before* travel.

By offering the Medical Travel Benefit *outside* of your health plan (as a taxable benefit), you get way more flexibility. Instead of worrying about IRS and carrier restrictions, you can simply *set a dollar limit that works best for your employees* – whether that's annually or over a lifetime.

This approach makes the benefit *easier to use, more impactful, and better suited to real-world medical travel needs*.

How does Espresa's Medical Travel Benefit Help with ERISA compliance?

Since Espresa's Medical Travel Benefit covers travel expenses related to obtaining medical care, it's considered a *group welfare plan* under ERISA. But don't worry, Espresa makes it easy for employers to stay compliant by handling key requirements, including:

- ***Simplified plan documentation*** – Espresa provides a ***Benefit Booklet*** that employers can easily “wrap” into their existing group welfare plan to meet ERISA’s written plan requirements.
- ***Clear benefit details*** – Employees and employers get a ***Benefit Summary*** outlining coverage terms and details.
- ***Easy digital access*** – With consent for ***electronic distribution***, all plan documents, claims and communications can be delivered directly through ***Espresa’s app or website***.
- ***COBRA-friendly integration*** – Espresa provides ***premium equivalent rates*** and key details to help employers easily incorporate the benefit into their ***COBRA administration process***.

How Does the Medical Travel Benefit Protect Employee Privacy?

When it comes to handling claims for the Medical Travel Benefit – things like car rentals, gas, hotels, and airfare – there’s no need to worry about sensitive health details being exposed. That’s because this information isn’t considered Protected Health Information (PHI) under HIPAA rules. In fact, routine claims processing does not require employees to share any details about their health or the treatment they receive while traveling. The best way to protect privacy? Simply not collecting unnecessary personal information in the first place.