There are two key benefits takeaways for employers in the bipartisan 21st Century Cures Act, which President Obama signed into law on December 13, 2016.

The act, which passed both houses of Congress by large majorities, is designed to increase funding for medical research, ease the development and approval of experimental treatments, and reform federal mental healthcare policy.

**Mental Health Parity Rules**

Employers can expect increased enforcement, along with stricter interpretations, of the existing [federal mental health parity rules](#) in coming months and years.

Though the act does not expand requirements under the Mental Health Parity and Addiction Equity Act, Title XIII of the act directs the secretaries of the Department of Health and Human Services, the Department of Labor, and the Treasury to issue guidance within 12 months related to compliance with the mental health parity rules. The act also calls for increased coordination between federal and state authorities in enforcing the mental health parity rules.

In addition, when a group health plan or insurer is found to have violated the mental health parity rules five times, the secretaries are directed to audit the plan’s or insurer’s documents the following year to “help improve compliance” with the rules. By including such specific compliance measures directly within the act, Congress appears to be encouraging increased enforcement of the mental health parity rules in the coming months and years.

The act does make one substantive “clarification” to the existing mental health parity rules. If coverage is offered for eating disorder treatment, then the treatment (including residential treatment) must be provided consistent with the mental health parity rules.

**Standalone HRAs for Small Employers**

The Affordable Care Act effectively prohibited employers from offering employees health reimbursement arrangements that were not integrated with other group health plans (standalone HRAs).

The act rolls back that rule slightly—though only for employers that are not “large employers” for ACA purposes (generally, those that have 50 or more full-time equivalent employees) and that do not offer any health plan to employees.
Title XVIII of the act creates qualified small employer health reimbursement arrangements (QSEHRAs) which are available for plan years starting after 2016. A QSEHRA is an arrangement funded solely with employer money that provides for payment or reimbursement of medical care expenses, up to $4,950 per year for individuals ($10,000 per year for families). In addition, a QSEHRA must generally be provided to all eligible employees of the employer on the same terms, and the employer must provide notice to the eligible employees. These QSEHRAs could permit reimbursements for individual health insurance premiums, which is generally not permitted under the ACA. In addition, QSEHRAs are not subject to the Consolidated Omnibus Budget Reconciliation Act’s (COBRA) continuation coverage requirement.

These rules will take effect on January 1, 2017, which means that eligible employers could begin offering a QSEHRA next month. For small employers that offered a standalone HRA before January 1, 2017, the act will extend certain transition relief. HRAs that qualify under Notice 2015-17 will continue to qualify for transition relief through the end of 2016.