# Individual Coverage Health Reimbursement Arrangement

*The next generation of employer-sponsored health insurance*

**ERC** | Making Workplaces Great.

Introducing a new type of health insurance plan for your employees…

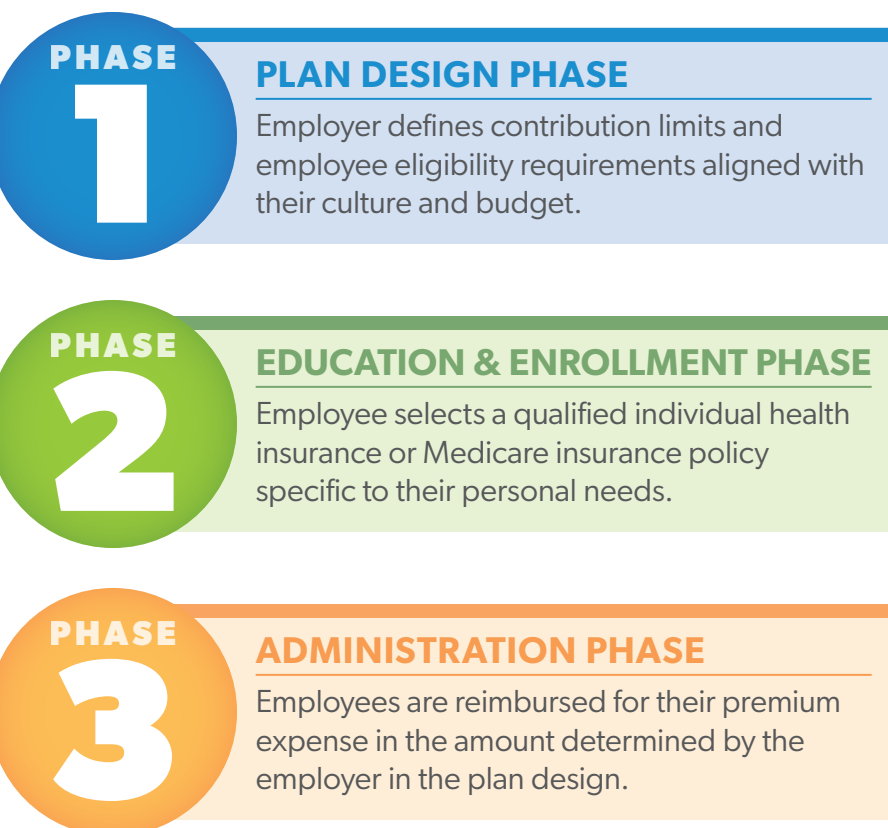**The Individual Coverage Health Reimbursement Arrangement:**

# ICHRA

(pronounced "ick-rah")

## What is an ICHRA?

An ICHRA is the next generation of employer-sponsored health care coverage. For the first time, employers of any size can make contributions to employees for major medical and Medicare premiums on a tax-advantaged basis with no caps on the reimbursement amount.

Employers can now more accurately define the expense of employee health care and eliminate the erratic renewal cost increases associated with claims experience and/or health risk status in the group health market.

## Here's how it works:

**PHASE 1**

**PLAN DESIGN PHASE**

Employer defines contribution limits and employee eligibility requirements aligned with their culture and budget.

**PHASE 2**

**EDUCATION & ENROLLMENT PHASE**

Employee selects a qualified individual health insurance or Medicare insurance policy specific to their personal needs.

**PHASE 3**

**ADMINISTRATION PHASE**

Employees are reimbursed for their premium expense in the amount determined by the employer in the plan design.

## Benefits of the ICHRA Model

### For Employers

- Budget friendly – predictable costs, less volatile than traditional group insurance
- No more difficult and complex decisions at renewal time – less onerous planning process
- No minimum employee participation requirements
- Flexibility in benefits among employee classes
- Fully compliant with all ACA mandates and avoids ACA penalties

### For Employees

- Employees select a plan that fits their own needs – from deductibles to doctors, employees decide what's right for them
- Employees select a plan that fits their monthly budget
- Employees continue to benefit from the tax advantages they have today, just like traditional group health insurance
- Portability – employees may keep their policy if they retire or change jobs

**PHASE 1**

## PLAN DESIGN PHASE

# One size doesn't fit all

One of the many advantages of an ICHRA is that it can be customized to fit your culture and budget. While flexible, there are several important rules to follow so your plan complies with the ICHRA regulations.

• ICHRA reimbursement must be offered fairly to all employees to satisfy Section 105(h) Nondiscrimination Rules

• Applicable large employers must ensure plan affordability if they want to avoid employer shared responsibility penalties

• Employers must not offer a choice between an ICHRA and a group health plan to any "Class" of employee; employers may offer an ICHRA to one or more of the approved Classes and a group plan to other Classes

• Employers must use reasonable procedures to substantiate employees are enrolled in a qualified individual medical or Medicare plan in order to reimburse an employee

Sounds complex – but don't worry – ERC | ICHRA has you covered! Unlike some models that require you to use self-service tools and create your own plan design, the ezICHRA team will be with you every step of the way and design a fully-compliant plan for you to fit your culture and budget.

## Allowable ICHRA Classes

– Full-time employees
– Part-time employees
– Seasonal employees
– Salaried employees
– Hourly employees
– Employees working in same geographic location
– Union employees
– Waiting periods
– Non-resident aliens
– Some temporary employees
– Combination of classes
– Minimum class sizes apply

**PHASE 2**

## EDUCATION & ENROLLMENT PHASE

# Education is key

For an employee, an ICHRA is a significant change to the way they obtain health benefits. They will need knowledgeable assistance to successfully guide them through the ICHRA enrollment process.

**The ezICHRA team will be there with your employees every step of the way!**

Your employees will access a company-branded ICHRA Portal containing recorded videos explaining the ICHRA process, how it works, and how to get enrolled. The Portal also links employees to all ICHRA plan documents and allows employees to waive coverage electronically. The site is available during open enrollment and throughout the year making it a simple and efficient way to communicate your program.

One-on-one telephone meetings with the dedicated ERC | ICHRA enrollment team will help each of your employees select and enroll into a plan that best fits their needs. Throughout the year, your employees may reach out to the ERC | ICHRA team with claims questions, network assistance or anything relating to their insurance policy. Customer service isn't just an afterthought, it's a core focus at ERC | ICHRA!

## PHASE 3

### ADMINISTRATION PHASE

# Keeping it simple & hassle free

ERC | ICHRA's exclusive Premium Payment Manager (PPM) greatly simplifies your ICHRA administration. PPM allows employees to pay for their monthly premium and request reimbursement – at the same time!

**Bringing all the pieces of the puzzle together in a seamless & simple way**

ICHRAs are a fantastic way for employers to stabilize the expense of their medical benefit offering. The challenge is that the administration of an ICHRA plan can be a huge burden without the right processes in place. Many ICHRA models require an employee to purchase a qualified health plan using their own after-tax dollars. Then, adding to the challenge, an employee must substantiate, or prove, that they have proper coverage and request reimbursement either by mail, email or some mobile application. The good news is that ERC | ICHRA's PPM makes the payment, substantiation, and administration process simple and seamless by eliminating many of the action steps necessary in other ICHRA models.

**PREMIUM PAYMENT MANAGER**

## How it works:

- Employer establishes a fund tied to their ICHRA plan

- Employee selects a qualified individual health insurance policy

- PPM Platform compiles detailed reporting on employee premiums and carrier information for employers – which they can upload into their payroll system

- PPM begins making recurring monthly premium payments for each employee policy from fund

- Employer receives employee portion of the premium cost through payroll withholding

# We'll help you decide if an ICHRA is a good fit for your organization

One size doesn't fit all – don't settle for less than a plan designed specifically for your organizational goals and culture.

Let's get the conversation started! With a completed ezICHRA census and answers to questions like the ones below, we'll begin the process of designing an ICHRA program that will normalize your health care budget and bring great value to your employees.

- What are the primary goals of your employee benefit plan?
- Is your group an applicable large employer or do you have less than 50 employees?
- Is an ICHRA being considered for your entire population or limited to a specific allowable class of employees?
- Do you have employees in more than one physical location?
- What is the employee's monthly cost for single-only coverage for your current base plan?
- What is your current base plan annual deductible and maximum out-of-pocket cost?
- Do you contribute towards the cost of your employee's spouse and dependent premium?
- What is the target ICHRA effective date / renewal date?

## ICHRA Implementation Timeline

| Days From Start | Milestone |
|---|---|
| 105 | Analysis complete & employer decides to launch ICHRA |
| 100 | Legal & compliance documents completed / Employee ICHRA Portal created |
| 90 | Employee engagement & education begins / Employee ICHRA Portal launched |
| 75 | Employee eligibility census & demographic data collected / PPM initiated |
| 60 | Open Enrollment begins – employees select & are enrolled into health plans |
| 30 | Open Enrollment ends – employee health plans are funded and carriers are paid |
| 10 | Employer receives enrollment report to upload into payroll |
| 0 | Employee health plans begin |

Departments of Treasury, Labor &
Health and Human Services estimate
that 800,000 employers will offer an
ICHRA by the end of the year 2025
insuring 11 million individuals.