



# Individual Coverage Health Reimbursement Arrangements (ICHRAs) Course

## Study Guide

## Course Information

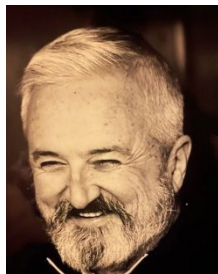
This course is brought in partnership between NABIP and the HRA Council.

The HRA Council is a non-profit, non-partisan advocacy organization comprised of HRA administrators and practitioners working together to create a vibrant HRA market by easing employers' ability to offer HRAs and employees' ability to use an HRA to enroll in coverage.

Current members in the HRA Council include:



Course speakers are members of both NABIP and the HRA Council.



Mark S. Mixer  
President & CEO |  
Health One Alliance & Affiliates  
HRA Council Board Member  
[MMixer@AlliantPlans.com](mailto:MMixer@AlliantPlans.com)

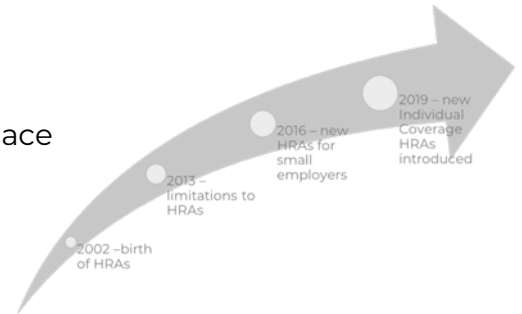
Annette Bechtold, REBC, ChHC, CIC, ACC  
Forte Consulting Atlanta  
HRA Council Board Member  
[annetteb@forteatlanta.com](mailto:annetteb@forteatlanta.com)



# Agenda

## Part I - Defining ICHRAs

1. Traditional Uses of HRAs
  - a. Reasons for Introduction into the marketplace
2. Federal Regulations
3. Interaction with the Affordable Care Act
  - a. Affordability
  - b. Funding
4. The Individual Market



## Part II - ICHRA Fit and Function

1. Employer Considerations
  - a. Comparison
  - b. Viability, and fit
2. ERISA and Section 125
  - a. Documents
  - b. Filings and Reporting
  - c. Notifications
3. Operational Considerations
  - a. Administrators & payroll
  - b. Employee education
4. Recordkeeping



## Part III - Broker Best Practices

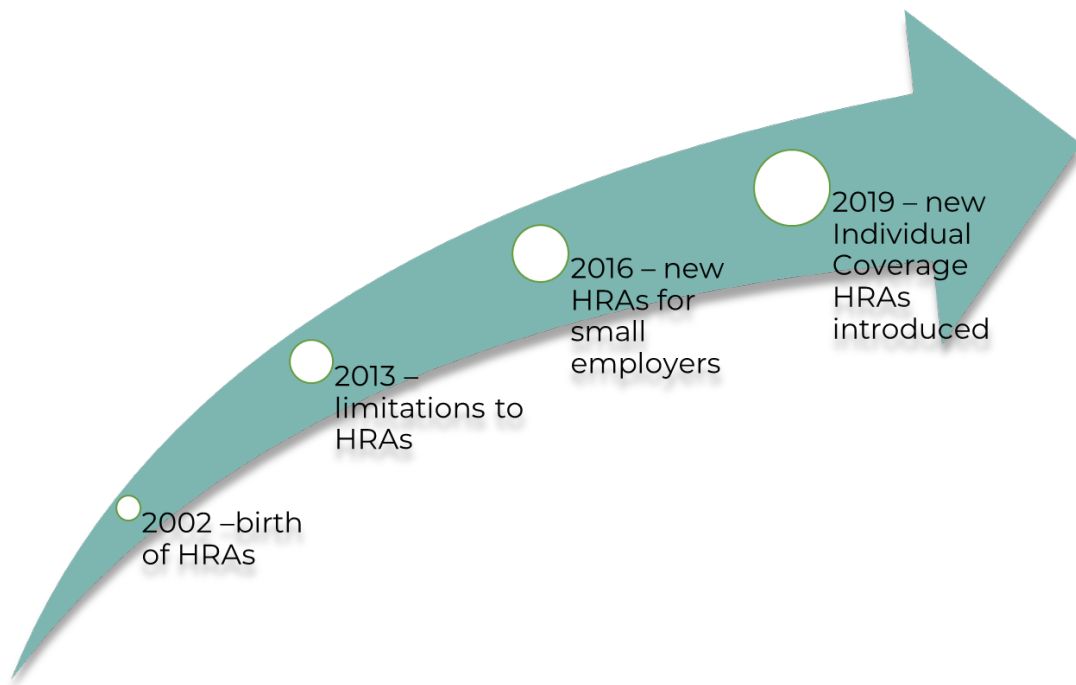
1. Planning Preparation, and Considerations
2. Delivering value and mitigating risk
  - Education
  - Analytics
  - Tools
3. Case Studies and Best Practices



## **Part I –**

### **Defining ICHRAs – Background, rules, obligations, and markets**

#### Traditional Uses of HRAs and Reasons for Introduction of Individual Health Reimbursement Arrangements (ICHRAs)



NOTES:

## HRA Features and Limitations

1. Considered a \_\_\_\_\_ health plan and subject to \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_.
2. Can cover all or a portion of \_\_\_\_\_.
3. Must be solely funded by the \_\_\_\_\_.
4. May be used to integrate group health \_\_\_\_\_, section 213(d) medical expenses, or both.
5. \_\_\_\_\_ rules apply to HRA plans of employers subject to \_\_\_\_\_.
6. The enactment of the Affordable Care Act (ACA) implemented \_\_\_\_\_ and \_\_\_\_\_ for group health plans.
7. IRS 2013-52, prohibits stand-alone HRAs because they do not contain \_\_\_\_\_ group health plans and, typically, do not include \_\_\_\_\_ with no cost sharing.

NOTES:

## Additional Limitations and Responsibilities

### Plan Design and Operations

#### Reimbursements

- Can only reimburse up to the amount of the charge incurred
- Must determine which plan reimburses given expenses
- Tax deductible for employer

#### Fund Availability

- Funds are forfeited upon termination
- Cannot receive funds in advance

#### Interaction with HSA Plans

- Prohibited unless:
  - Reimbursing premium; or
  - HSA is a limited purpose HRA, e.g., vision and dental expenses only or it reimburses medical expenses post-deductible

NOTES:

## Participant Responsibilities

### Substantiation

- Must provide documentation proving expense was incurred

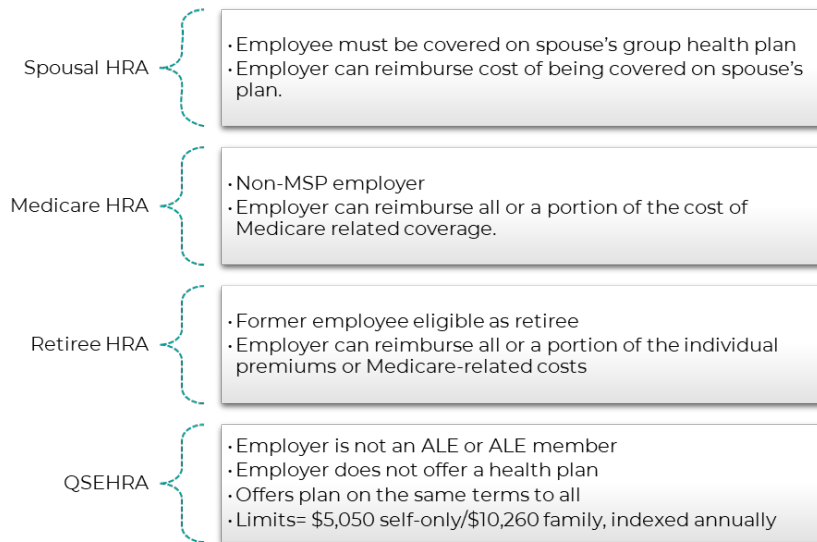
### Reimbursements

- Generally, tax-free to the participant

### Portability

- Coverage and funding lost when employee leaves the plan

## Additional Limitations and Responsibilities



NOTES:

## Qualified Small Employer HRA (QSEHRA) – 2017

Applies to businesses with fewer than  FTE employees (not an ALE) who:

- Do not offer a group policy.
- Offer the HRA to all full-time employees covered by MEC  
*(Can exclude part-time, seasonal, or employees under the age of 26)*
- Provide the same contribution to similarly situated according to age or family coverage type.

### Financial Information

- Annual contribution limits for 2023:
  - Single - \$\_\_\_\_\_
  - Family - \$\_\_\_\_\_*(Does not include rollover amounts)*
- Eligible for premium tax credits
  - Tax credits reduced by the amount of the HRA allowance.
- Employees with spouse's group coverage can:
  - Receive post-tax contributions from the HRA for premium reimbursement.
  - Take pre-tax reimbursement for eligible medical expenses.

NOTES:

## The Birth of Individual Coverage HRAs

10/12/17 executive order directs departments to:

- Look for ways to expand the availability and permitted use of HRAs.
- Allow use with non-group coverage.



NOTES:

## Federal Regulations Applicable to ICHRAs

### Regulations:

- Health Reimbursement Arrangements and Other Account-Based Group Health Plans - [Final rule](#) – posted to the Federal Register - 6/20/19
- [Application of the Employer Shared Responsibility Provisions](#) and Certain Nondiscrimination Rules to Health Reimbursement Arrangements and Other Account-Based Group Health Plans Integrated with Individual Health Insurance Coverage or Medicare – 9/30/19 –
  - This is a proposed rule.
  - Per the IRS, taxpayers may rely on the proposed regulations under section 4980H for periods during any plan year of individual coverage HRAs beginning before the date that is six months following the publication of any final regulations, and taxpayers may rely on the proposed regulations under section 105(h) for plan years of individual coverage HRAs beginning before the date that is six months following the publication of any final regulations.

### NOTES:

## ICHRA Integration with Medicare

Three rules impact the integration of ICHRAs and Medicare

- Anti-duplication rules – make it unlawful to sell or provide an individual health policy that duplicates the health benefits to which the individual is otherwise entitled under Medicare or Medicaid
- Equal Benefit Rule - group health plans of employers with 20 or more employees must provide to any employee 65 or older the same benefits, under the same conditions, that the plan provides to those individuals under age 65 – applies to those with ESRD.
- Medicare Secondary Payer – prohibit employers whose group health plans are primary, from incenting Medicare employees to not enroll or terminate the group health plan thereby making Medicare primary.

## Six Elements of ICHRAs

1. Individual Health Coverage

·  
·

2. Offer and Reimbursement

·  
·

3. Employee Classes

·  
·

4. ACA Integration

·  
·

5. Compliance and Communication

·  
·

6. Opt-Out

·  
·

## Employee Definitions

- Common law employees =
  - Anyone who performs services for the employer is the employee if they can control what will be done and how it will be done.
  - The evidence of the degree of control and the degree of independence are evaluated to determine whether employee or independent contractor.
- Employers can classify full-time employees based on one of two rules but must define, in their plan document, which rules they are using for each plan year.

Provision	Employee	Full-time	Part-time	Seasonal
4980H	Common law employee	An individual who averages 30 hours or more of service per week.	An individual who averages less than 30 hours of service per week.	An individual who, is in a position for which the customary annual employment is six months or less and the employment coincides with a true "seasonal" period.
105(h)	Common law employee, self-employed individual who is treated as an employee §401(1) or leased employee who is treated as an employee under §414(n)(2) or 414(o)(2).	An individual whose customary weekly employment is 35 hours or more per week.	An individual whose customary weekly employment is less than 35 hours per week <i>unless there are no other employees doing similar work with same employer for more than 35 hours, then may designate as 25 hours.</i>	An individual whose customary annual employment is less than 9 months <i>unless there are no other employees doing similar work with the same employer for more than 9 months, then may designate as 7 hours.</i>

NOTES:

# Employee Classes

- May make an offer to a single class so long as all within the class are treated the same.
- Restricted to the following classes:

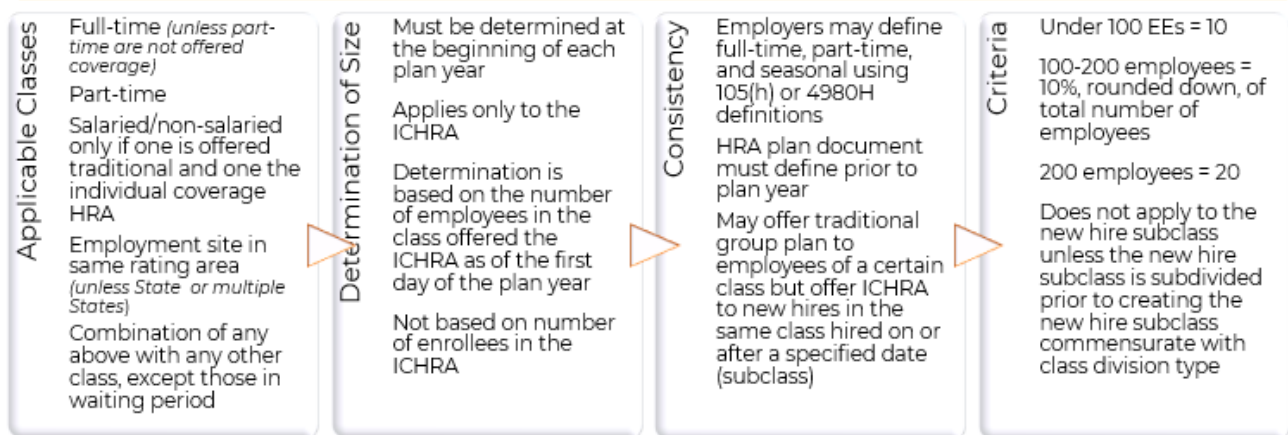


NOTES:

## Minimum Class Requirements

- Applies if a plan sponsor offers a traditional group plan to one or more classes of employees and offers an individual coverage HRA to one or more other classes –
- If ALL are offered ICHRA, there is no minimum size requirement.

Exa



Example:

Employer A offers

NOTES:

## Establishing Contributions

### Rules:

- A. Dependents
  - a. May vary contribution if \_\_\_\_\_
  
- B. Age
  - a. May vary contributions by age using age banding provided the dollar max difference between the youngest and oldest participant(s) does not exceed \_\_\_\_\_
  
- C. Pretax contributions – allowable only if:
  - a. \_\_\_\_\_ and
  - b. \_\_\_\_\_

## Notices and Communications

### Rules:

- HRA must provide the required written notice to each participant at least 90 days before the beginning of each plan year.
- For new employees, notice is required no later than the date on which coverage is first effective for the individual.
- For newly formed businesses, i.e., those formed less than 120 days from the beginning of the plan year, the notice may be provided no later than the date on which the ICHRA may first take effect for that first plan year.
  - [ICHRA Model Notice - CMS](#)
- ICHRAs must substantiate that participants are enrolled in individual coverage or Medicare.
- It is prohibited, and fineable, to provide an ICHRA reimbursement for any month in which a participant is not enrolled in individual coverage.
- The DOL provides an annual substantiation model attestation form and an ongoing model attestation form.
  - [Individual Coverage HRA Model Attestations \(cms.gov\)](#)

### NOTES:

## Interaction with Affordable Care Act (ACA) – Affordability and Funding

### ALE Responsibilities:

- Employer shared responsibility provisions under 4980H
- Requirements for applicable large employers (ALEs)
- Determination of minimum value
- Calculation of affordability
- Employer reporting under §6055 and §6056
- Application of 4980H(a) and 4980H(b) penalties

ACA provision recap for ALEs and ALE members:

- An HRA is an eligible employer-sponsored plan.
- Tier 1 – Failure to offer
  - If offered to 95% of full-time employee and their dependents, employers satisfy provision and 4980H(a) penalty does not apply, i.e., failure to offer
- Tier 2 – Failure to offer affordable, MV coverage
  - Affordable if employee contribution for a month does not exceed 1/12 x (household income/safe harbors Box 1 of W2, Rate of Pay or FPL)

### ACA Penalty Assessments

- The ICHRA is Minimum Essential Coverage (MEC) for the purposes of Employer Shared Responsibility 4980H.
- As such the offer will satisfy Penalty A of the “mandate” if offered to 95%
- If the HRA is affordable, it will also satisfy Penalty B

*[NOTE: proposed rule introduces a few optional affordability safe harbors for employers]*

NOTES:

## Affordability under the ACA

### ACA Affordability

Standard definition of affordability - an employee premium contribution of no more than 9.5% of household income (indexed annually, currently 9.12% for 2023)

Compensation safe harbor – alternatives to household income

1. W-2
2. Rate of Pay
3. Federal Poverty Level (FPL)

### ICHRA Affordability

Monthly Premium for lowest cost silver plan (self - only)  
– monthly self-only HRA amount available  
= employee contribution

ICHRA is affordable if the employee premium contribution (net HRA amount) for the lowest cost silver plan is no more than 9.5% of household income (indexed annually, currently 9.12% for 2023)

Tobacco rates --- if there is a silver-level plan that has one rate for tobacco users and one rate for non-tobacco users, the rate for \_\_\_\_\_ users will apply to determine affordability of the individual coverage HRA.

NOTES:

## Affordability Safe Harbors

*Based on proposed rule and applicable until 6 months after final rule is released*

1. **Location Safe Harbor** – employers may determine applicable lowest cost silver plan based on:
  - a. \_\_\_\_\_ or
  - b. \_\_\_\_\_
  
2. **Premium Rate Safe Harbor**
  - a. Calendar year plans may use the lowest cost silver plan for January of the \_\_\_\_\_ year.
  - b. Non-calendar year plans may use the lowest cost silver plan for January of the \_\_\_\_\_ year.
  - c. *\*CMS released employer [LCSP look-up tool](#)*
  
3. **Age Safe Harbor**
  - a. No safe harbor for individual age
  - b. LCSP = lowest individual market age band for EE's applicable location

NOTES:

# The Individual Market

## Definition of a group health plan

Under [U.S. Code Title 42 CHAPTER 6A SUBCHAPTER XXV Part C § 300gg-9](#), a group health plan is defined as follows:

### (a)(1) Group health plan - Definition

The term “[group health plan](#)” means an [employee](#) welfare benefit plan (as defined in section 3(1) of the [Employee Retirement Income Security Act of 1974 \[29 U.S.C. 1002\(1\)\]](#)) to the extent that the plan provides [medical care](#) (as defined in paragraph (2)) and including items and [services](#) paid for as [medical care](#) to [employees](#) or their dependents (as defined under the terms of the plan) directly or through insurance, reimbursement, or otherwise. Except for purposes of part C of title XI of the [Social Security Act \(42 U.S.C. 1320d et seq.\)](#), such term shall not include any qualified small [employer](#) health reimbursement arrangement (as defined in [section 9831\(d\)\(2\) of title 26](#)).

Requirements of group health plans include:

- Plan documents
- SPD and other notices and disclosures
- Reporting – Form 5500, etc.
- COBRA

To **avoid** the individual policies collectively being considered a **group health plan**, employers must ensure all the following:

- Purchase of any individual health insurance coverage is completely \_\_\_\_\_ for the employees.
- Employer does not \_\_\_\_\_ or \_\_\_\_\_ any insurance carrier or insurance coverage.
- Reimbursement of nongroup health insurance premium is limited solely to \_\_\_\_\_.
- Employer, employee organization, or other plan sponsor receives no cash or otherwise in connection with the employee’s \_\_\_\_\_ or \_\_\_\_\_ of any individual health insurance coverage.

NOTES:

## Placement of Individual Coverage

- Employee can purchase a policy on or off Exchange
- Can use local Navigators
- Can go direct to the carrier
- Employer can sponsor a service, such as HealthSherpa, to shop for plans
- Decision support tools are considered best practice
- Potential commissions for agents if they are selling the policies
- Medicare-eligible EEs need to enroll in Medicare

## Premium Tax Credits (PTC)

Premium tax credits were created to assist lower income individuals with the purchase of insurance.

Household income percentage of Federal poverty line:	Initial %	Final %
Less than 133%	1.92%	1.92%
At least 133% but less than 150%	2.88%	3.84%
At least 150% but less than 200%	3.84%	6.05%
At least 200% but less than 250%	6.05%	7.73%
At least 250% but less than 300%	7.73%	9.12%
At least 300% but not more than 400%	9.12%	9.12%

NOTES:

## PTCs and ICHRAs

Individuals are eligible for a PTC if:

1. they do not receive an \_\_\_\_\_ of minimum essential coverage (MEC); or
  2. are offered MEC that \_\_\_\_\_ meet affordability rules.
- If eligible for a PTC, the individual must be given an opportunity to \_\_\_\_\_ and \_\_\_\_\_ all future reimbursements from the ICHRA for that year.
  - When employment terminates, the participant must either: \_\_\_\_\_ the remaining balance, i.e., decline COBRA, or be able to \_\_\_\_\_ opt out and \_\_\_\_\_ future reimbursements.

### The “Family Glitch”

With the December 12, 2022, final rule alleviating the “family glitch”, employers must be aware of the affordability component for dependents as well as employees.

As a result, employers must base dependent affordability calculations on the share of the premium the employee is required to pay for the \_\_\_\_\_.

Those eligible for PTCs must be given the opportunity to opt out, \_\_\_\_\_.

NOTES:

## Special Enrollment Periods (SEPs)

- Individuals who are newly eligible for an ICHRA or QSEHRA qualify for an SEP.
  - Does not apply to those seeking re-enrollment following \_\_\_\_\_
  - Applies for subsequent enrollment into an ICHRA if:
    - \_\_\_\_\_ coverage
    - Individual moved from ICHRA or QSEHRA to another type of group health coverage and is again newly offered an ICHRA or QSEHRA



## Part II – ICHRA Fit and Function

NOTES:

## Traditional Model vs ICHRAs

### Employer-sponsored traditional plan challenges

- Perceived as a hassle instead of a benefit.
- Annual renewal brings significant angst and price mitigation through various methods.
- HR is centric to claims denials or issues of care.
- Plan choice is limited to 1-2 plans. Despite intentions, not everyone can be pleased.
- Limited flexibility on coverage options. Dependents on the same plan as employee

### ICHRA opportunities

- Employees can choose the plan that satisfies their need and have broad selection of plans.
- No insurance renewals. Market check for IFP costs versus funding strategy
- HR has no oversight of employee's health insurance and can focus on more holistic goals.
- Employees will typically have upwards of 25-50 plans to choose.
- Each family member can choose a plan that bests fit their circumstances and health needs

## Viability of ICHRAs

Group types and attributes uniquely suited to ICHRAs (employer fit):



# Out-of-State Employees

ICHRA benefits include:

1. Meeting needs of employees in different states.
2. Opportunity to provide different contribution allowance by state.
3. Offer of locally competitive insurance plan where employees live.
4. No need for employee to change doctor and hospitals.
5. ICHRAs can be offered by rating area.
6. Flexibility to match more transient workforce.

## From the Employee's Perspective

Employee benefits:

- Greater choice
  - Plan \_\_\_\_\_
  - Network \_\_\_\_\_
  - Price \_\_\_\_\_
  - Coverage \_\_\_\_\_
- Control
  - Privacy \_\_\_\_\_
  - Ownership \_\_\_\_\_

NOTES:

## Interaction with ERISA and Cafeteria Section 125

### Administering ICHRAs

- Employers may self-administer ICHRAs or use one or more administrators to satisfy legal and regulatory requirements.
- Requirements include, but are not limited to:
  - Written plan documents
  - Summary Plan Description (if subject to ERISA)
  - COBRA administration
  - General health plan and HRA compliance
  - Contribution rules and affordability calculations
  - Claim processing
  - Reimbursement mechanism
  - Record keeping
  - Tax reporting
  - HIPAA privacy and security compliance

### ERISA Plan Documents

- Group health plans, subject to ERISA, are required to have a plan document and provide a summary plan description (SPD).
- The individual coverage that an employee purchases is not governed by ERISA. It's important that employers do not subject these individual plans to ERISA requirements.
- In addition to the requirements highlighted on page 19 of this guide, employers must:
  - provide each plan participant with an annual notice stating that the individual coverage is not \_\_\_\_\_.

NOTES:

## ERISA Notices and Disclosures

- All changes to the benefit plan offerings qualify as a material change in benefits and must be disclosed in the SPD within 210 days of the end of the policy year.
- The termination of the annual allocation constitutes a material reduction in benefits and would require notice within 60 days after the adoption of the change.
- Anything that would affect the information on the SBC for the HRA plan would require a 60-day advance notice.
- The best practice is to give as much advance notice, as possible, with specific and understandable language so individuals may plan for the changes.

## Form 5500

- ERISA requires all welfare plans, including ICHRAs, to file Form 5500 annually unless they satisfy a definition of a “small plan”. *[Plans with less than 100 participants on the first day of the plan year and whose plan is fully funded from the employer’s general assets, insurance, or both need not file.*
- For calendar year ICHRA plans, Form 5500 filings are due on July 31 of the year immediately following the plan/calendar year. Filings for non-calendar year plans are due the last day of the seventh month after the plan year ends.
- Both IRS and DOL penalties apply for failure to file or for incomplete or late filings. The IRS penalty includes \$25 per day for each day the Form 5500 return is not filed, up to a maximum of \$15,000. Additional fines may be assessable other failure notifications.
- The DOL can also impose penalties of up to \$1,100 per day for failure to file Form 5500 promptly. Generally, the IRS will waive penalties for plan sponsors who voluntarily satisfy the DOL’s Delinquent Filer Voluntary Compliance Program (DFVCP) requirements. IRS Notice 2014-35 describes the relief. Filing the DFVCP will result in late filing fees but not to the extent that would otherwise be payable.

## NOTES:

## PCORI Fees

- The PCORI was created by the Patient Protection and Affordable Care Act. The fee was originally set to expire on October 1, 2019, but was extended until 2029 by the Consolidated Appropriations Act, 2020.
- PCORI fees are payable on Form 720, Quarterly Federal Excise Tax Return, and are due by July 31 of the calendar year immediately following the last day of the policy year or plan year to which the fee applies.
- Fees are calculated based upon the average number of lives covered during the previous policy year or plan year multiplied by the applicable dollar amount pertaining to that plan year.

After September 30, 2021, and before October 1, 2022, the applicable dollar amount is \$2.79

After October 1, 2022, and before October 1, 2023, the applicable dollar amount is \$3.00

- Per IRS Notice [2022-04](#) and [2022-59](#), the most current applicable fees are as follows for policy and plan years ending on or after:
  - ICHRAs, as with any other self-funded plan, are subject to PCORI fees. There has not been any exception made for ICHRAs.
  - Separate PCORI fees are required for HRAs coupled with a fully insured plan. The insurance carrier pays fees related to the insured plan and the employer pays the fees related to the self-insured HRA plan.

## NOTES:

## HIPAA – Employee Privacy

- For reimbursements to be tax-free, employers must substantiate that employees are using funds to pay for health insurance and medical expenses.
- Having an employee submit receipts directly to the employer for review creates a significant privacy issue.
- Information about an employee’s medical expenses (including individual insurance premiums) is considered Protected Health Information under the Health Insurance Portability and Accountability Act of 1996 (HIPAA). In most cases, employers asking for and reviewing such Protected Health Information must ensure the privacy and security of that information to comply with HIPAA.
- Leveraging an administrator provides a necessary layer of privacy.

## Annual Opt-Out

- At least once a year, employees must be allowed to opt out of the ICHRA to claim the premium tax credit if they cannot afford an individual plan.
- An ICHRA requires all participating employees to enroll in either an individual insurance plan or Medicare, and employers need to implement an annual process to ensure employees are registered and to verify their enrollment in the ICHRA.
  - This can be as simple as having employees fill out a form that states they are enrolled in an appropriate plan.
  - Alternatively, employers may leverage an administrator for documentation or pay their insurance premiums directly.

NOTES:

## Additional Considerations

- Contribution Allowance Evaluation
  - Employers may change monthly contribution allowances, provided adequate notice is given to employees.
  - For most businesses, it makes sense to complete the evaluation as part of an annual benefits review.
- Changing Regulations
  - Healthcare policy continues to evolve. As the landscape shifts and changes, an administrator will stay up to date on regulation changes.

## COBRA

According to IRS Information letter [2017-0027](#) (9/20/27), The IRS addresses an employer's calculation of the COBRA premium charged to a terminating employee for continuation coverage under a health reimbursement arrangement (HRA).

The employee disputed the premium amount and asked the IRS (through his Congressional representative) to audit the employer's COBRA practices determining whether it was charging excessive premiums for the coverage.

The employee further maintained that the employer had failed to notify him of an increase in the premium or about its open enrollment process.

The information letter explains generally that an employer may charge the "applicable premium" for COBRA coverage, which is the cost to the plan of coverage for similarly situated beneficiaries for whom a qualifying event has not occurred, plus a 2% administrative fee. The letter points to IRS guidance providing that:

1. HRAs are subject to COBRA
2. The applicable premium under an HRA may not be based on a qualified beneficiary's reimbursement amounts available from the HRA;
3. The COBRA premium for an HRA is determined under existing COBRA rules.

NOTES:

## COBRA Rates

1. If the group has not had 1 year of usage, they would use the 75% rule. This states that the employers can charge 75% of the total HRA funding, plus 2% to cover administrative costs.
  - For example, if the HRA fund is \$1000, the employer can charge  $\$750/12 = \$62.50 \times 2\% = \$63.75$  as premium for each month.
2. If the group has had 1+ year of usage, they would use the dollar amount from the previous year. For example, if they had a 45% usage rate the previous year the premium would be as follows.
  - If the HRA fund is \$1000 the employer can charge  $\$450/12 = \$37.50 \times 2\% = \$38.25$  as the premium for each month.
3. Keep in mind: full HRA funding must be available to the COBRA beneficiary just as it is for active employees.

NOTES:

## State Continuation

- Each state chooses whether, and to what extent, group health plans offer continuation to groups that are not eligible for COBRA.
  - Most states with state continuation laws require participants be covered a minimum of three months prior to loss of coverage
  - Some states, however, contain different eligibility requirements.
  - Six states have no continuation provisions.
  - If eligible, coverage can continue for three months to eighteen months, depending on the state.
  - Continuation typically ends if the individual is eligible for another group health plan, or Medicare.
- State laws apply to fully insured plans and not to self-funded plans. Since an ICHRA is considered a self-funded, group health plan, state continuation would not typically apply. *(A few rare states may extend continuation to self-funded non-ERISA groups, so it is important to check each state.)*
- It is important to correctly communicate all these details to employees and set appropriate expectations.

NOTES:

## Operational Considerations

### Implementation Checklist

1. Identify \_\_\_\_\_ of employees to whom they'll offer the ICHRA and whether \_\_\_\_\_ applies.
1. Determine appropriate employer ICHRA contribution taking into account ACA \_\_\_\_\_
2. Select an HRA \_\_\_\_\_ that handles ICHRAs.
3. Build appropriate \_\_\_\_\_ to help individuals understand that they'll need to buy their own individual coverage.
4. Determine appropriate ICHRA \_\_\_\_\_ to ensure proper notice and employees have enough time to enroll in individual coverage.
5. Assemble information for employees to educate on \_\_\_\_\_, coverage \_\_\_\_\_ process, and the \_\_\_\_\_ of pretax contributions;
6. Communicate \_\_\_\_\_ to employees.

### Enrollment Options

- Technology Solutions
- Off Market vs. On Market plans
- Special Open Enrollment
- Sample ICHRA notices (for carrier approval)
- What to do if a carrier denies a SEP enrollment related to ICHRA
- Binder payments and invoices
- Anticipated Carrier Communications with Employees

NOTES:

## Choosing and ICHRA Solution Provider

Key criteria to keep in mind when evaluating an ICHRA administration solution:

**An ICHRA administration solution should provide an easy way** for employees to purchase individual health insurance and request reimbursements. The following items should include:


## Employer Tools and Resources

**A third-party administrator must be designated.** The third-party administrator will be responsible for managing employee enrollment, utilizing reporting tools, and recording reimbursements, among other responsibilities. Resources in the administration solution should include:


NOTES:

## Automated Compliance Administration

The solution should keep the benefit plan current and compliant with applicable rules and regulations, including:


## Recordkeeping

- Before submitting an expense for approval, an employee must attest that they are covered under an individual insurance policy.
- The IRS and Department of Labor require that employees submit proper documentation verifying their expenses and that supporting documentation be kept on file for up to 7 years.
- Record keeping can become problematic considering the sheer volume of claims, documentation required, and whether those requests were approved or rejected.

An administrator can provide an automated technology solution that keeps all digital records organized and secure, while complying with guidelines and regulations. The administrator should:

- **review** employee reimbursement requests,
- **approve** qualified expense, and
- **store** all related documentation monthly.

NOTES:

--



## Part III – Broker Best Practices

NOTES:

# Broker Best Practices

## Delivering Value and Mitigating Risk

### Why Consultants Need ICHRAS

- \_\_\_\_\_% will be affected
- \_\_\_\_\_% will want to know
- \_\_\_\_\_% will need discussions

### Benefits of ICHRA discussions

1. Demonstrates forward thinking and consideration of fresh ideas.
2. Addresses employer's benefits
  - a. Doesn't want to offer
  - b. Disparate work force
  - c. Variability outside of control

## If ICHRA is Viable

Step 1: Do the homework

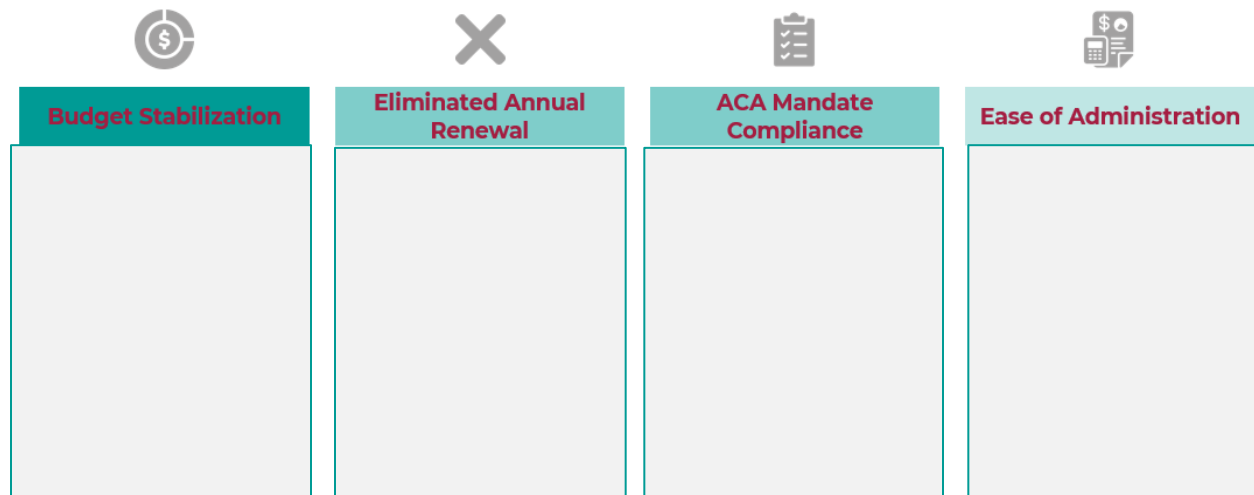
Step 2: Affordability

Step 3: Employee Impact

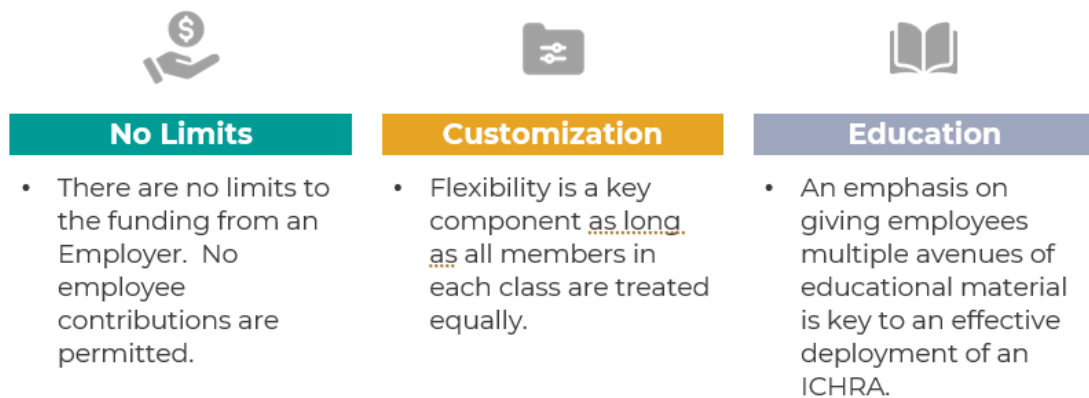
Step 4: Enrollment & Administration

## NOTES:

## Educating Employers



## Educating Employees



NOTES:

Educating Employees

Plan Choice

Provider Choice

Price Choice

Prescription Choice

Programs

Privacy

NOTES:

## Individual Market Risk?

## Case Studies and Best Practices

### **Self-Administering HRAs**

#### Self-administration –

- Potentially lower cost of administration
- May have staff capacity to take on the work.
- If dedicated individual, may be quicker and more seamless process, provided ample time and attention is allowed for this work.

#### Third party administrator –

- Perceived as impartial and fair
- Aids in appropriate set up
- Stays current on laws and practices ensuring compliance.
- Assists with other plan obligations

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

### NOTES:

## Case Study

2022		
	Current Plan & Rates	Renewal Plan & Rates
<b>Plan Comparison</b>		
Plan Name	Choice Motion HAS ASHD*	Choice Motion HAS ASHD*
Plan Type	OA HSA Compatible HMO	OA HSA Compatible HMO
Deductible (Ind./Fam)	Member Pays: \$2,500 / \$5,000	Member Pays: \$2,500 / \$5,000
Coinsurance (most services)	0%	0%
Preventative Care	\$0 – No Deductible	\$0 – No Deductible
PCP/Specialist Copay	\$0	\$0
X-ray/Lab Services	\$0	\$0
Outpatient Surgery	\$0	\$0
In-patient Hospital, per admit	\$0	\$0
Durable Medical Equipment	\$0	\$0
Chiropractic, up to 20 visits	\$0 – 20 visits	\$0 – 20 visits
Emergency Room/Urgent Care	\$0	\$0
Out-of-Pocket (Ind./Family)	\$5,000 / \$10,000	\$5,000 / \$10,000
Non-Network		
Deductible (Ind./Fam)	N/A	N/A
Coinsurance (most services)	N/A	N/A
RX – Deductible	Combined with Medical Ded.	Combined with Medical Ded.
RX – Copays	\$7 / \$25 / \$45	\$7 / \$25 / \$45
<b>Rates</b>		
	<b>#</b>	
Employee	40	\$590.56
Employee + Spouse	24	\$1,358.29
Employee + Child(ren)	13	\$1,092.54
Family	18	\$1,653.57
Monthly Totals	95	\$100,188.64
		Increase (%)
		19.70%

Renewal Released at 19.7% above current

- o Current Annual: \$1,202,256
- o \$236,844 increase to over current

Examined Claims and Ongoing Risk

Examined Market Alternatives

Results: 17% above current - Carrier declining to quote

WHAT DO YOU KNOW? WHAT DON'T YOU KNOW?

**Case Study – Employee Evaluation**

DOB	Tier	State
5/14/1997	Employee Only	VA
3/13/1970	Employee Only	MN
4/13/1978	Employee and Spouse	MD
9/29/1968	Employee and Spouse	MD
2/1/1961	Employee Only	DE
9/4/1957	Employee Only	NY
11/3/1962	Employee and One Child	DE

**ICHRA Results:**

-1.79% below current  
Savings vs. Renewal: \$258.365

**BENEFITS OF MOVING TO ICHRA:**

**CHALLENGES OF MOVING TO ICHRA:**

NOTES/TAKEAWAYS:

A large, empty rectangular box with a thin black border, intended for writing notes or takeaways. It occupies the majority of the page below the header.

