

# Individual Coverage Health Reimbursement Arrangements (ICHRA) Broker Information



## What Is An ICHRA?

Individual Coverage Health Reimbursement Arrangement is the newest standalone HRA that enables employers of all sizes to reimburse their employees tax-free for health insurance premiums and healthcare expenses.

## How Does an ICHRA Work?

ICHRA is an employer-funded HRA that reimburses employees for medical premiums and out-of-pocket healthcare expenses. Employees are eligible for reimbursements for their individual insurance premiums and/or healthcare expenses depending on how the employer designs the ICHRA. The employee submits receipts for reimbursement from the benefit plan. The employer would establish an allowance per employee, per month or on an annual basis.

## What Does the ICHRA Plan Cover?

Individual health insurance premiums, including Medicare premiums, certain insured student health plans, ACA catastrophic plans and qualified 213 (d) healthcare expenses tax-free.

## ICHRA Plan with ASi Visa® Card

The HRA can be offered as a debit or non-debit plan. A debit option offers convenience for employees, but requires substantiation. With both the debit and non-debit plans, verification of enrollment in individual medical coverage is required for requests for reimbursement of healthcare expenses for each month in which services are incurred.



## Who Can Offer an ICHRA?

Available to any size business.

## Eligible Employees

Coverage must be offered under the same terms and conditions within a class of employees, except that the amounts offered may be increased for older workers and for workers with dependents. You cannot offer an ICHRA to any employee to whom you offer a traditional group health plan. See eligible classes. Additionally, to be eligible, participants must be enrolled in an Individual Medical Plan.

## What are the benefits of an employer offering an ICHRA?

For most small to mid market employers, an ICHRA can help employers to focus on their business and not the many benefit plans available in the group market. An ICHRA also allows an employer to offer reimbursement of premiums for employees that are not within a class for group health coverage, allowing employers to stay competitive in their market to retain great employees.

### Eligible Classes:

- Full-time
- Part-time
- Seasonal
- Employees covered by a collective bargaining agreement
- Employees in waiting period
- Employees working in same geographic location
- Salaried workers
- Non-salaried workers
- Temporary employees of staffing firm
- A combination of two or more of the above

## Administrative Solutions

Call our office 559-256-1320 or 866-777-1320

clientservices@asibenefits.com

# Individual Coverage Health Reimbursement Arrangements (ICHRA) Broker Information



## What are some of the rules we should be aware of?

1. Employers will need to verify enrollment in individual medical coverage of the employee and eligible dependents if applicable. They can do this by requesting the employee sign an attestation form attesting to enrollment, or by requesting proof of enrollment direct from the insurance carrier. This should be done before an employee is enrolled in the HRA plan with ASi.
2. Any requests for reimbursement of 213 (d) expenses will require verification of enrollment in individual medical coverage for the month in which the expense was incurred. This can also be done by attestation form or by requesting proof of enrollment direct from the insurance carrier. This applies to debit card transactions as well.
3. For employers offering a group health plan (GHP) for some classes and an ICHRA for another class, minimum class size applies. Minimum class size does not apply if no GHP is offered to other classes.

Number of Employees on the First Day of the Plan Year

Minimum Class Size

Less than 100 Employees

10 Employees in ICHRA

100 to 200 Employees

10% of the Number of Employees on the First Day of the Plan Year

More than 200 Employees

20 Employees

4. For large employers (those with at least 50 full-time employees), an offer of ICHRA is considered an offer of coverage under the employer mandate. However, whether an applicable large employer that offers an Individual Coverage HRA to its full-time employees (and their dependents) owes a payment under the employer mandate will depend on whether the HRA is affordable. This is determined based on the premium tax credit rule being issued as part of the HRA rule and is based, in part, on the amount the employer makes available under the HRA. For additional information on affordability of the HRA, please contact ASi for assistance.
5. For employees that enroll under an individual medical coverage plan, that is HSA compatible, employers are restricted to reimbursing premiums only or limiting reimbursements in accordance with HSA rules (i.e. no reimbursement until statutory deductible is met).
6. For employees that have individual health insurance premium amounts that exceed the reimbursement through the ICHRA, the excess may be paid pre-tax through a cafeteria plan salary reduction, as long as the coverage is purchased outside of the Exchange. If offered, salary reductions must be available on the same terms and conditions to all employees within a class. ICHRA is considered a group health plan. As such, a health FSA may be offered along side an ICHRA.

For information on fees and administrative services, you can contact our office at the number listed below.

### Administrative Solutions

Call our office 559-256-1320 or 866-777-1320

clientservices@asibenefits.com