

The new Individual Coverage Health Reimbursement Arrangement (ICHRA) will become an option for employers to offer employees effective January 1, 2020. There's been a lot of buzz about this new benefit, so we've put together 5 key things to know about the ICHRA.



5 Things to Know About the New ICHRA

- 1** The ICHRA lets employers reimburse employees for individual health insurance premiums, Medicare insurance premiums and out-of-pocket medical expenses. Reimbursements are tax-free, and the employer determines the maximum reimbursement limits.
- 2** Employees must have individual coverage to be eligible for reimbursement under the ICHRA. Individual coverage includes grandfathered plans, grandmothered plans, ACA regulated plans (on- or off-Exchange), insured student health plans, Medicare or Medicare Advantage plans. Coverage through a short-term medical plan, a spouse's group health plan or a healthcare sharing ministry will not qualify.
- 3** Employers cannot offer the same class of employees a choice between a group health plan or the ICHRA. They can, however, offer one class a group health plan and a separate class an ICHRA. Permissible classes of employees include full-time, part-time, salaried, non-salaried, seasonal, union, temporary, employees in a waiting period, employees working in different geographic locations, non-resident aliens with no U.S. income or the combination of two or more of these classes.
- 4** Employers must offer the ICHRA under the same terms to the same class of employees. Reimbursement limits may only vary based on age and/or family size. Age-based variations cannot exceed a 3:1 ratio.
- 5** A special enrollment period (SEP) will be created upon the establishment date of an ICHRA that starts mid-year. The SEP is a 60-day period before or after the plan establishment date.

The ICHRA may be a valuable option for:

- Employers who do not currently offer a group health plan due to cost or participation requirements
- Employers who want to extend a benefit to a specific class of employees, such as part-time employees
- Employers who receive a large premium increase at renewal
- Employers who are only offering coverage because of the Employer Mandate

Another thing to point out is that other types of group health plans can be offered alongside the ICHRA. For example, the employer can use the ICHRA as their medical benefit offering while making group dental, vision or Flexible Spending Account (FSA) coverage also available. Many employers may turn to this option as a simpler way of providing benefits to employees.

Flex is an administrator of HRAs, and we will be offering ICHRAs starting in 2020. As a General Agency, we can also provide access to individual health insurance plans, Medicare plans and ancillary benefits. We're here to help, so please don't hesitate to contact us for assistance.

To learn more about **HRAs** from Flex contact a
Benefits Consultant today

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