



Individual Coverage HRA

Health coverage is a focus for many employers as they look for innovative and cost-effective ways to provide benefits. An Individual Coverage Health Reimbursement Arrangement, or ICHRA, is timely and can offer substantial flexibility for your employer groups.

Tell me more

The ICHRA allows employers of all sizes to reimburse their employees (tax-free) for medical expenses. Employees may use ICHRA funds to pay for individual healthcare premiums and eligible out-of-pocket medical expenses they or their dependents may incur during the plan year.

What are the requirements for an HRA to qualify as an ICHRA?

- Employers may not offer eligible employees a choice between an ICHRA and a traditional group coverage health insurance plan.
- Employers can leverage 10 different employee classes to structure benefit eligibility and allowance amounts. While different terms may apply for different classes of employees, the same terms must be offered to all employees within the same class.
- Participating employees and dependents must be enrolled in an individual health insurance plan or Medicare to participate in an ICHRA.
- Employers must have reasonable procedures in place to verify employee enrollment in an individual health insurance plan or Medicare.
- A written notice must be provided to eligible employees at least 90 days prior to the beginning of the plan year explaining key terms of the ICHRA.
- Eligible employees must have the option to opt-out annually and upon termination.

ICHRAs benefit brokers

Individual Coverage HRAs allow you to deliver innovative product strategies to your employer groups and provide even greater flexibility when it comes to designing benefit programs tailored to their unique needs.

ICHRAs can be appealing for many employers:

- The ICHRA is tax-free for both employers and their employees
- There are no minimum participation requirements and no minimum or maximum contributions limits
- Employers can choose eligibility requirements, meaning they can leverage 10 different employee classes to offer different benefits to different types of employees (e.g., full-time, part-time, seasonal, temporary, salaried, hourly, etc.)
- Employers have the ability to offer different allowance amounts to different classes of employees