



## ICHRA Solution for Large Group 50+ Employees

PERSONALIZED BENEFITS FOR  
THE MODERN WORKFORCE.



[www.benefitbay.com](http://www.benefitbay.com)

## Personalized Benefits for the Modern Workplace A New Way to Offer Benefits to Your Employees

Shift from “defined benefit” to “defined contribution”.

The Individual Coverage Health Reimbursement Arrangement (HRA) is an alternative to offering a traditional group health plan to employees.

ICHRA is an account-based health plan that allows employers to provide defined, non-taxed reimbursements to employees for qualified medical expenses, including monthly premiums and out-of-pocket costs, like copayments and deductibles.

Conventional group health insurance consists of a “defined benefit” where employers try to determine what their employee’s individual and family needs are and then attempt to meet those needs with a handful of plans from a few carriers.

ICHRA provides a more logical solution, where employers provide a “defined contribution” and enable employees to shop for a plan that meets their family’s specific requirements.



# Why ICHRA?



## Employer Advantages

1. Gets you out of the insurance business
2. No more guessing what plan best meets your diverse employee population
3. Can still offer a group health plan to a class of employees and an ICHRA to a class of employees
4. You determine how much you want to contribute by class and by age
5. Fixed, predictable costs, year after year
6. FICA savings for employee's portion of premium
7. No minimum participation or contribution requirements
8. No open enrollment process
9. Less administration
10. Less compliance



## Employee Advantages

1. More plan choices, selected by employee to best fit their family needs
2. Employer contribution towards premium is tax-free
3. Plan moves from job to job – survives employment
4. Savings and potential government subsidies\*





## Attributes of an ICHRA:



Employers provide pre-tax dollars to employees to buy individual medical and ancillary insurance.

No limit on the employer contribution.



Works for large groups (50+) and small groups (50 and under).



ICHRAs meet large group ACA mandates.



Small groups can leverage ACA subsidies.



Employers can replace group health plans for the whole company, or just a segment of employees.

# Affordability

The Employer Mandate through the Affordable Care Act requires that employers over 50 full-time equivalent (FTE) employees offer health insurance to their employees. Employers over 50 who do not offer health insurance coverage to their employees are subject to large penalties.

An ICHRA plan can satisfy the Employer Mandate as long as it is designed to be “affordable”. The IRS definition of affordability with an ICHRA plan is:

An ICHRA is affordable if the remaining amount an employee has to pay for a self-only silver plan on the exchange is less than 9.61% of the employee’s household income (as of 2022).



# Individual Market Enrollments



## Enrollment Period

To enroll in an individual health plan, it must be within the Open Enrollment period which typically runs from November to December.



## Qualifying Events

Outside of Open Enrollment, a qualifying event must be triggered in order to purchase a plan (i.e., the birth of a child, a marriage, a divorce or moving.)



## ICHRA Enrollment

When an employer decides to offer an ICHRA, it triggers a special enrollment period which gives employees 60 days to purchase a health plan. This an employer to offer an ICHRA anytime during the year.



## Calendar Year

ICHRA's run on a calendar year so, if an ICHRA starts anytime after January 1, there will be a short plan year and start over the following January 1.