

ICHRA Explained

In January 2020, Individual Coverage Health Reimbursement Arrangements—ICHRAs—were introduced as a whole new way for employers to offer healthcare benefits to their employees. Here’s what you need to know.

What it is and how it works

ICHRAs are not health insurance, but a means for employers to use tax-free money to fully or partially reimburse employees for out-of-pocket medical expenses and personal health insurance premiums.

ICHRA (Individual Coverage Health Reimbursement Arrangement)	
Became Available	January 2020
Works with	Qualified Health Plans (QHP) & Medicare “Individual Plans”
Reimbursement Options	Individual Premium and/or Medical Expenses
Employer Size	No Size Limits (Minimum 1 W-2 employee)
Contribution Limits	No Limits
Advance Premium Tax Credit (APTC) Interaction	If “Affordable”: No APTC, If “Not Affordable”: Employee Choice
Employer Design Options	Can vary terms by employee Classes
Employee Requirements	Maintain Individual Coverage

Other Requirements, Limitations, and Options

- An ICHRA can satisfy the Employer Mandate
- The employer must not offer a traditional group health plan and an ICHRA to the same employee class
- The employer must give written notice no later than 90 days prior to the beginning of each plan year
- The employer may provide greater ICHRA contributions based on age or number of dependents
- An employer may allow unspent balances of the ICHRA to roll over from year to year
- Employers may combine an ICHRA with a 529 Cafeteria Plan, allowing employees to cover expenses not covered by the employer’s contribution with pre-tax money

Easy to administer and utilize



The First 90 days...

Employers who offer ICHRA provide a meaningful dollar amount	Avg. Monthly Allowance for single employees: \$497 Avg. Monthly Allowance for employees w/families: \$1,043
The majority of employers have opted to reimburse claims for both premiums and medical expenses	Employers reimburse premium only: 48% Employers reimburse premium + expenses: 52%

Source: PeopleKeep; <https://www.peoplekeep.com/blog/individual-coverage-hra-90-day-report> (April 2020)

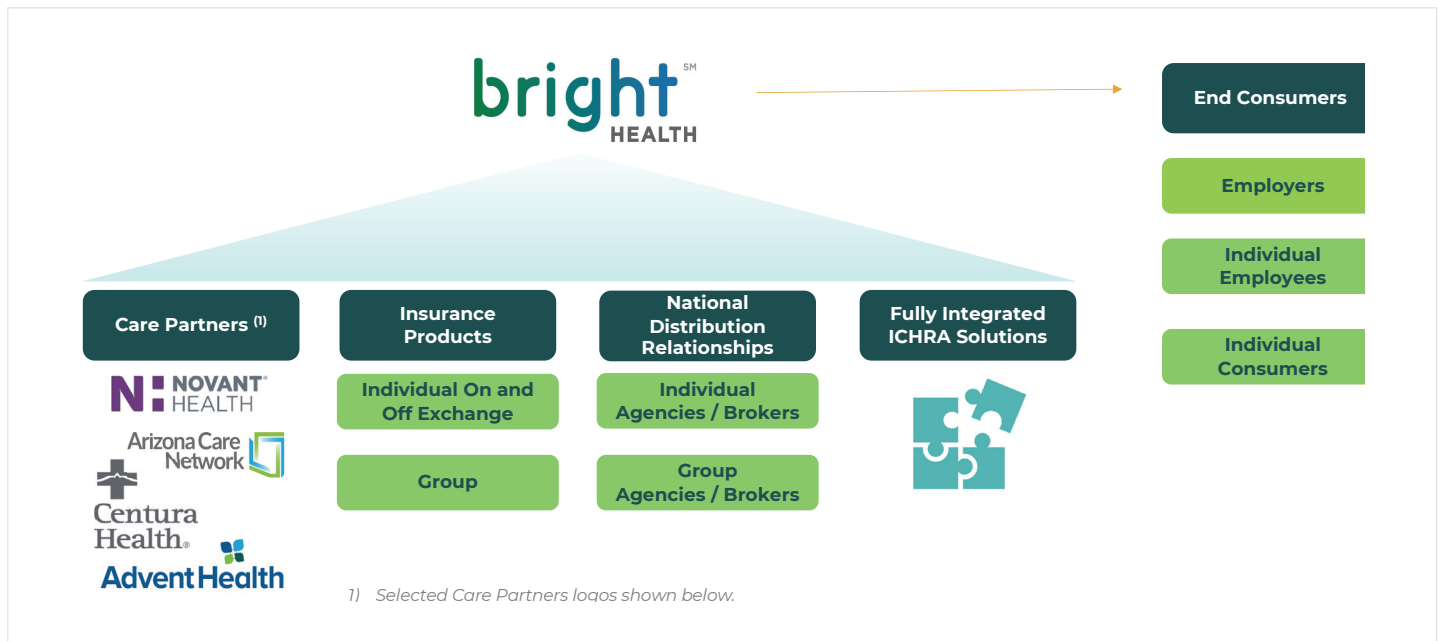
The pluses

Employer Benefits	Employee Benefits
<ul style="list-style-type: none"> ✓ Administrative ease ✓ Cost control ✓ Risk de-management ✓ Plan customization and flexibility ✓ Increased choice and flexibility for employees 	<ul style="list-style-type: none"> ✓ Plan choice and personalization ✓ Network flexibility ✓ Plan portability

The Bright Health strategy

Bright Health: In a strong position to serve the ICHRA market

- Our integrated approach to insurance and care delivery will provide employees with an experience that allows them to maximize their ICHRA benefit
- Custom-designed QHP plans meet the diverse needs of the ICHRA/employee market
- Diversified distribution strategy to meet employers and employees where they are
- Integrated with full-service ICHRA solutions today — leveraging best practices
- Continued focus on affordability and strong alignment with our Care Partners



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