



ICHRA Individual Coverage Health Reimbursement Arrangement

Agenda

- Define ICHRA
- ICHRA Benefits and Eligibility
- ICHRA Employer Contributions, Requirements and Rules
- ICHRA Affordability Example
- Community Health Options Plan Option Review
- Community Health Option Differentiators

Defining ICHRA

What is an Individual Coverage Health Reimbursement Account (ICHRA)?

- An ICHRA is a group health plan that allows businesses of all sizes to reimburse their employees to purchase health insurance with tax free money and/or cover out-of-pocket medical expenses.
 - If purchase from a state or federal marketplace, the Employee portion of premium is taxed.
 - If it is purchased direct from the carrier, the EE portion is untaxed.
- The plan offered must be an ACA compliant Individual plan.

What are the benefits of an ICHRA?

1. Employees are allowed on exchange Premium Tax Credit if the employer's ICRA is deemed unaffordable.
2. Employees have control, benefits are portable, and they can buy the coverage that fits their individual/family needs.
3. ICHRA allows an employee to live wherever they want (ICHRA for out of state employees and group plan for those in state).
4. Can allow employees more benefits for example, premiums, deductibles and copays or other qualified medical expenses.
5. Allows other classes of employees to receive benefits.
6. All contributions by employers are exempt from wages and are tax deductible. All money that comes through is 100% tax free. (Tax-deductible for employers and received tax-free by employees.)
7. Save employers money for use elsewhere (flexibility in contribution amounts every 12 months).
8. For the employer, any unused monies from HRA contributions stay with the employer.

What are the benefits to the Employer?

Employers have flexibility to offer:

- Traditional fully insured group plan
- Traditional fully insured group plan and an ICHRA pairing
 - Within established classes, may not offer employees a choice between the two
- Stand alone ICHRA for all employees (no group size limit)

ICHRA differentiators (compared to other types of HRAs such as QSEHRA)

- ICHRAs are more flexible, and the employer can select how much they will reimburse.
- No reimbursement maximum.
- ICHRAs are a solution for employers of all sizes, unlike QSEHRAs (for under 50 employees only).

****Reminder:** Non-discrimination parameters apply per Code Section 105(h) and Section 125.

ICHRA Eligibility

Participants and dependents MUST BE enrolled in one of the following:

- An Individual ACA compliant plan vs. group health insurance
- Medicare Part A and B, or Part C
- Exchange market
- Student health insurance (applicable to certain educational institutions) – Grand mothered (or “transition”) coverage

Non-qualifying coverage:

- TRICARE
- Employees covered by group insurance plans like coverage under a spouse’s Group Health Plan
- COBRA participants
- Health care sharing ministries
- Association health plans
- Coverage consisting of only excepted benefits (i.e., dental, vision specified disease)

An ICHRA cannot be offered to self-employed individuals, S-corporation owners and their spouses who own more than 2% of a business.

- They can still participate in the health benefit, just not the HRA account.

Business Owners and Eligibility

Some business owners can participate in an ICHRA.

C-corp owners

Eligible with their family to participate in this benefit because they are common law employees. Reimbursements are tax-free to the company and the owner.

Sole proprietors

Not eligible to participate because the owner isn't an employee. If the spouse is an employee, the owner is eligible as a dependent of the spouse. Reimbursements are tax-free to the sole proprietorship and the owner's spouse.

Partners

Not eligible to participate because partners in a partnership are considered self employed. Partners can be eligible if they are a dependent on the plan because their spouse is a W-2 employee and not a business partner.

S-corporation owners

Not eligible to participate because they are not considered an employee.

Matching Terms Requirement

- Employers can offer an ICHRA on a class-by-class basis (creating classes around certain employment).
- Employers that offer the ICHRA must match contributions (both the same amount and same terms and conditions) to all employees within a class.
- Matching terms include:
 - A Section 125 pre-tax salary reduction arrangement.
 - A more generous HRA to individuals based on an adverse health factor is prohibited.
 - However, the matching terms requirement is not violated because one employee picks a more expensive policy than another employee.

Some Exceptions

- Within an employee class, the employer can increase the contribution for ICHRA for participants within a class of employees as the age of the participant increases if all participants of the same age are included in the increase.
- The maximum dollar amount made available to the oldest participant can not be more than three times the maximum dollar amount made available to the youngest participant.
- The employer contribution can vary based on the number of a dependents of a participant covered by the ICHRA. There is no limit based on the number of dependents and it must be offered to all participants in that class of employees with the same number of dependents.

Employer Contribution Options

- The employer may allow rollover of unused funds each year and will be required to offer the same terms to all participants within a class. This is vendor specific.
- Can elect premium only contributions, 213(d) expenses only, or both and they can restrict type of 213(d) expenses for HSA participation or have separate Limited ICHRA plan.
 - 213(d) Expenses are qualified medical expenses such as prescriptions, copays and other OOP costs.
- Pro-rated adjustments of contributions for newly hired employees and dependents during the plan year for employees within the same class.
- There can be no traditional HRA that pays all 213(d) expenses or deductibles, only a limited purpose HRA would be allowed.

Termination of Individual Coverage

The ICHRA coverage will stop for participants:

- When they leave employment or lose or drop individual coverage.
- The employee forfeits the balance in the HRA.
- COBRA eligibility will/must be offered for groups that are COBRA eligible.

Requirements of the Employer

- Legal document and summary plan description (SPD).
- Provide a notice to the participant about a required federal notice.
 - How to use the program ([Individual Coverage HRA Model Attestations \(dol.gov\)](https://www.dol.gov/eop/whd/individual-coverage-hra-model-attestations)).
- Employee attestation of enrollment, required annually.
- Employer sets annual maximum benefit amount.
 - Same for all employees offered ICHRA.
 - No annual cap on ICHRA contributions.
 - Unused ICHRA funds roll over to the next year or reset to zero at the end of the year.
- Follow non-discriminatory rules.

Requirements of the Employer

An employer can offer ICHRA to any eligible employee, or certain types of employees. The classes can be determined by certain job-based criteria, such as (classes may be combined):

- Full-time, part-time, seasonal or temporary employees
- Salaried, non-salaried or hourly
- Employees covered by a Collective Bargaining Agreement
- Employees who have not satisfied a waiting period
- Non-resident aliens with no US based income
- Employees working in the same work locations
- Any group of employees formed by combining two or more of these classes

Requirements of the Employer

Minimum Class Size Requirements

- Employers who plan to offer a traditional group health plan to at least one class of employees and an ICHRA to another class of employees will need to keep in mind the minimum class size requirements.

Minimum class size requirements apply to the following classes:

- Salaried Employees Vs Non-Salaried Employees
- Full-time Employees Vs Part-time Employees
- Seasonal Employees
- Employees in the same geographic rating area

Requirements of the Employer

Minimum Class Size Requirements:

Size of Employer	Class Size Minimum
Less than 100 Employees	10 employees, no class size restrictions if offering to multiple classes
100-200 Employees	10% of total employees rounded down to whole number
200+ Employees	20 employees, no class size restrictions if offering to multiple classes

New Hire Rule: Employers can offer new employees an ICHRA, while grandfathering existing employees in a traditional group health plan.

Noteworthy to mention: This is to prevent the individual market from being saturated with high-risk individuals.

Rules

There are affordability rules:

- If the employee opts-out of ICHRA, the employee cannot enroll with any premium tax credits if the ICHRA offered is considered affordable (an indexed percentage of 9.12% for 2023, 8.39% for 2024). This also applies to family members that have had the offer extended through the plan.
- The employee can claim premium tax credits if the ICHRA offered is considered unaffordable (more than the lowest cost silver plan for a single).

An Example of how to determine affordability:

Using FPL safe harbor, you can calculate affordability based on:

- The employee's rate of pay, which is the hourly rate multiplied by 130 hours per month as of the first day of the plan year or,
- For salaried employees, 8.39% of the monthly salary as of the first day of the 2024 coverage period.

Take the monthly premium for the lowest-cost silver plan, minus the ICHRA monthly allowance and it should not exceed 8.39% of the employee's household income for the month. If this requirement is met, the ICHRA is considered affordable.

Example:

Adam is an employee at ABC Company and has a household income of \$45,000. His employer is offering an ICHRA. The lowest-cost silver plan in his area is \$550. The calculation for affordability is:

$$\$45,000 * .0839 = \$3,775.50$$

$$\$3,775.50 / 12 = \$314.63$$

$$\$550 - \$314.63 = \$235.37$$

The lowest allowance that can be considered affordable to Adam is \$235.37.

ERISA Rules

The plan is **not** subject to ERISA if:

- The purchase of an individual insurance is completely voluntary .
- The Plan sponsor does not select or endorse coverage.
- The reimbursement for individual health insurance premiums is limited solely to individual health insurance coverage.
- The Plan sponsor receives no consideration in connection with the employee's selection or renewal of any individual health insurance coverage.
- Each participant is notified annually that the individual health insurance coverage is not subject to Title I of ERISA.

For ICHRAs offered outside the annual open enrollment, employees are eligible for a Special Enrollment Period to allow them to enroll as a newly hired employee or change individual market coverage based on SEP guidelines.

Portfolio Overview for 2024

The Ind/SG Portfolio for 2024 has a total of 53 plans.

26 On/Off Exchange

- 16 PPO
 - 3 National
 - None HSA compatible
 - 13 Regional
 - 2 HSA compatible
- 7 HMO
 - All Regional
 - None HSA compatible
- 3 HMO Tiered
 - All Regional
 - None HSA compatible

27 Off MP (SG/Indiv)

- 17 PPO
 - 10 National
 - 3 HSA compatible
 - 7 Not HSA compatible
 - 7 Regional
 - 1 HSA compatible
- 5 HMO
 - 1 National
 - 4 Regional
 - 2 HSA compatible
 - 2 Not HSA compatible
- 5 HMO Tiered
 - All Regional
 - 1 HSA compatible
 - 4 Not HSA compatible

Individual Plan Summary

Summary of Plan Benefits

Welcome to Community Health Options! We are pleased to have you as a Member. Most of our plans include the following benefits:



NEW! Copays for all physical therapy, occupational therapy and speech therapy visits on non-HSA plans.*



NEW! Copay on in-network acupuncturists with no deductible on select plans. Members can receive up to a **\$50 reimbursement** per visit for out-of-network visits.



First in-network primary care and behavioral healthcare visits annually per Member have no cost share in non-HSA plans.



Urgent care telehealth visits with \$0 cost share on non-HSA plans, and \$0 after deductible for HSA plans via Amwell®.



100% of the preventive care benefits required by the Affordable Care Act and the State of Maine at **no out-of-pocket cost** for in-network providers.



Full coverage for flu and COVID-19 vaccinations at in-network providers each flu season for all adult and pediatric Members.



NEW! Coverage for **chiropractic and osteopathic adjustments** with a copay on all non-HSA plans.*



Members requiring insulin will have cost sharing not to exceed \$35 for up to a 30-day supply.



Free phone support and personalized help with complex medical conditions from our Care Management team.



A **cost estimator tool** in your portal helps you understand and compare the costs of planned services.



Chronic Illness Support Program (CISP) offered on all non-HSA plans to reduce financial barriers for Members with chronic conditions (asthma, coronary artery disease, chronic obstructive pulmonary disease, diabetes and hypertension).*



Pediatric and adult vision coverage with one exam every 12-month calendar year. Adult exams are with deductible and coinsurance, and on non-HSA plans, pediatric visits are with a copay. Pediatric coverage also includes lenses, frames and contacts every 24-month calendar period.



Treatment for tobacco use at \$0 out-of-pocket cost with enhanced benefit for over-the-counter nicotine replacement therapy (NRT) products, including nicotine patches, gum, lozenges and certain FDA-approved medications listed on our drug formulary.

PLAN SPECIFIC DETAILS



HSA plans labeled HSA Plus include prescription coverage for select drugs without a deductible.



Healthy Maine plans include WellRight®, a digital wellness platform and mobile app. Benefits include **unlimited personalized health coaching** at \$0 cost share, gamified wellness challenges, integration with wearable devices, a comprehensive health assessment and reward incentives.



HMO tiered plans have **lower copays or coinsurance, deductibles and maximum out-of-pocket expenses** when using preferred providers versus standard providers.

Use the Summary of Benefits for a quick view of important benefits available in 2024

Community Health Options Differentiators

- Offer expertise in the Individual Market.
- Bulk quoting tool for assistance with decision making.
- Provide support for employee plan selection.
 - Digital Enrollment/Engagement Kits.
 - Onsite or virtual benefit education sessions with support at the employer level, and personal employee consultations.
 - Hands on enrollment guidance, Website (our online storefront tool) or with a Bulk Enrollment File.
- Member Portal Guidance– Education on effectuation and ACH payments.
- HRA Vendor Collaborations.

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All Large Group Quote Requests and RFP
Submissions go to RFP@Healthoptions.org



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