



# ICHRA QUICK FACTS

## WHAT IS AN ICHRA?

ICHRA (Individual Coverage Health Reimbursement Arrangement) is a tax-advantaged account-based plan that employers can use to reimburse employees for individual health insurance and/or out-of-pocket medical expenses. The ICHRA is designed to expand the use of HRAs by employers to fund premiums for their employees in the individual health insurance market.

## EMPLOYER REQUIREMENTS

- Employers of any size may offer an ICHRA.
- ICHRA plan years may be calendar or fiscal with a plan start date of 01/01/20 or later.
- Must allow participants to opt out of ICHRA once annually and upon termination.
- Employer may not offer **both** an ICHRA and EBHRA (Excepted Benefit HRA).

<b>Group Health Plan (GHP) Rules:</b>	<p>⇒ Employer can maintain a group health plan (GHP) for existing employees and transition new hires to the ICHRA program</p> <p>⇒ Employer <b>cannot</b> offer a choice between the GHP and ICHRA to <b>same class</b> of employees.</p>
<b>Funding Requirements:</b>	<p>⇒ Employer-funded account; no limit on annual contributions.</p> <p>⇒ Employer can allow unused funds to carry over to following plan year.</p> <p>⇒ Employer can pro-rate contributions to new, mid-year plan participants.</p>
<b>Class Rules:</b>	<p>⇒ Employers <u>with</u> GHP: may create up to 11 classes of employees; minimum class size rules apply (<i>ask for details, permitted classes</i>).</p> <p>⇒ Employers <u>with no</u> GHP: may create up to 5 classes of employees.</p> <p>⇒ Terms of plan and contributions must be the same within each class (except due to the employee's age or family size).</p>
<b>Substantiation Rules for Individual Premiums:</b>	<p>⇒ Employer must establish reasonable procedures for employees to substantiate that they have purchased individual health coverage with their ICHRA funds.</p> <p>⇒ It is employer's responsibility to monitor individual coverage: <ul style="list-style-type: none"> <li>▪ <b>Annual</b> verification for premium only reimbursement</li> <li>▪ <b>Monthly</b> verification for premium and/or 213 expense reimbursement</li> </ul> </p>
<b>Notice Requirements:</b>	<p>Employers are required to distribute the <b>Individual Coverage HRA Model Notice</b> to their employees in the following instances:</p> <p>⇒ <b>For first ICHRA plan year:</b> Provide written notice to employees by 1<sup>st</sup> day of plan year.</p> <p>⇒ <b>For renewal plan years:</b> Provide notice to employees 90 days prior to plan year.</p> <p>⇒ Notice must be provided to all employees prior to enrollment.</p> <p>❖ <b>TASC provides the Model Notice (abbreviated and government versions) to employers.</b></p>
<b>ACA Employer Mandate:</b>	<p>⇒ The ICHRA may satisfy the ACA requirement that large groups offer coverage.</p> <p>⇒ Employers must ensure ICHRA satisfies affordability requirement to avoid penalties.</p> <p>❖ <b>TASC offers ACA Employer Reporting to help employers satisfy their ACA reporting requirements, as well as ERISA, HIPAA, and COBRA compliance.</b></p>

## EMPLOYEE/PARTICIPANT COVERAGE REQUIREMENTS

- Applicable Individual Coverage is required for premium reimbursement and 213 expense reimbursement.
- If participant drops/loses coverage, the ICHRA is forfeited.

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| <ul style="list-style-type: none"> <li>• Must be enrolled in applicable coverage <i>(one of the following)</i>:</li> </ul> | <ul style="list-style-type: none"> <li>▪ Individual Market (private insurance)</li> <li>▪ Medicare Part A &amp; B, or C</li> <li>▪ State or Federal Exchange</li> </ul> |
| <ul style="list-style-type: none"> <li>• Coverage may <b>not</b> include:</li> </ul>                                       | <ul style="list-style-type: none"> <li>▪ TRICARE</li> <li>▪ Coverage under spouse GHP</li> <li>▪ Excepted benefits (dental, vision, specified disease)</li> </ul>       |
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## ICHRA REIMBURSEMENTS

Health coverage must be in place (and verified) for reimbursements to be paid (may be subject to COBRA). Employer may offer reimbursement for premiums only, 213 expenses only, or both.

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| <ul style="list-style-type: none"> <li>• <b>Individual Health Insurance Premiums:</b><br/><i>(for self and/or dependent children)</i></li> </ul>            | <ul style="list-style-type: none"> <li>▪ Individual Market (private insurance)</li> <li>▪ All Medicare and Medicare Supplement</li> <li>▪ State or Federal Exchange</li> </ul> |
| <ul style="list-style-type: none"> <li>• <b>Out-of-pocket 213 Medical Expenses:</b><br/><i>(Visit IRS.gov for list of 213 eligible expenses)</i></li> </ul> | <p>The plan may allow for reimbursement of all 213 expenses <u>or</u> restrict to allow for participation in an HSA.</p>   |
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## ADDITIONAL BENEFIT ACCOUNT OPTIONS

In addition to the ICHRA, employers may offer other pretax or non-taxable reimbursement accounts to help employees pay for any eligible expenses not paid for by the ICHRA.

- **Healthcare Premium (NESP) Reimbursement Account:** Allows employees to pretax the remaining cost of their individual premiums not paid by ICHRA funds (not available for ACA Exchange premiums).
- **Full Healthcare FSA:** Allows employees to pretax the cost of eligible medical expenses not paid by ICHRA (\$500 maximum employer contribution).
- **Health Savings Account (HSA):** The ICHRA can be limited to 213 reimbursements of excepted benefits (dental and vision) and post-deductible expense in order to allow participant in ICHRA to also open an HSA.
- **Limited-Purpose FSA or HRA:** Allows employers to set up an FSA that pays *only* excepted benefits (dental and vision) and ICHRA pays all other type 213 expenses.
- **NOTE:** Employees on GHP cannot participate in both a traditional HRA and ICHRA.
- ❖ TASC can administer a NESP, Healthcare FSA, HSA, and much more alongside the ICHRA to maximize the benefits and reduce administrative costs.

## HOW TO APPLY

- Complete the online [TASC Purchaser Details \(PD\)](#) form + the [ICHRA Class Designation Form](#) (DP-6379).

See next page for "Special Considerations"...

## SPECIAL CONSIDERATIONS

- For **existing TASC FSA/HRA/HSA clients not yet upgraded** to Universal Benefit Account, the ICHRA will initially be placed on the current WEX platform until upgrade is completed
- **Complex ICHRA** plan designs will also be placed on the WEX platform:  
An ICHRA that reimburses premium and/or 213d expenses with little deviation (e.g., no deductible amount participant must meet before ICHRA pays, no tiered expenses, e.g., employer will pay 25% of first \$500 in medical expenses, etc.) would be considered a simple design. Design other than this are most likely complex. If you have trouble determining if this is a simple or complex HRA, please contact your TASC Regional Sales Director