



## 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 care reimbursement arrangement, or ICHRA, is timely and can offer substantial flexibility for your business.**

### How it works

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 health care premiums and/or 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?

- You may not offer eligible employees a choice between an ICHRA and a traditional group coverage health insurance plan.
- You 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.
- You must have reasonable procedures in place to verify employee enrollment in an individual health insurance plan or Medicare.
- Employers that offered group plans previously must provide eligible employees a notice explaining the ICHRA, at least 90 days before the plan year begins.
- Eligible employees must have the option to opt-out annually and upon termination.

### ICHRA's benefit employers

Individual coverage HRAs are cost-effective for you, your employees and their dependents. This is a win for employers of all sizes that want to remain competitive while retaining their valuable employees!

- The ICHRA offers tax advantages for both you and your employees.
- There are no minimum participation requirements associated with the ICHRA.
- There are no minimum or maximum contribution limits.
- You can choose eligibility requirements.
- You can offer different allowance amounts to different classes of employees.