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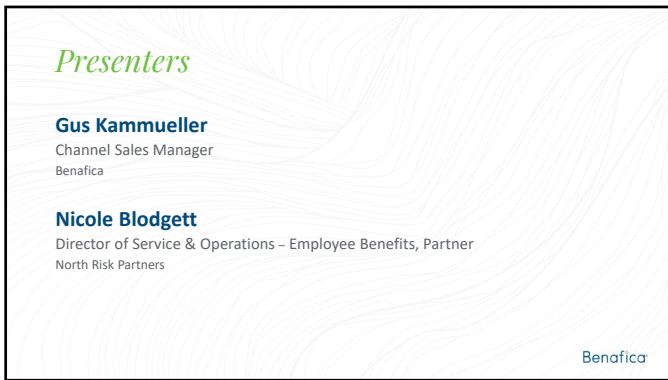
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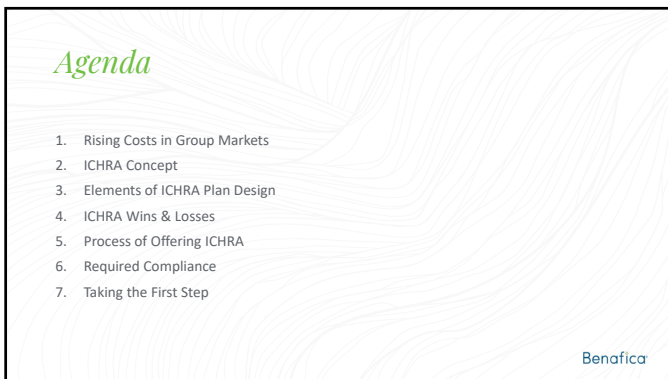
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### Unsustainability in the Group Market

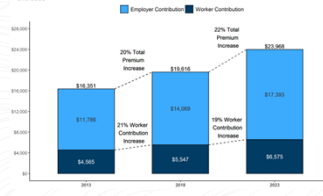
In the last decade, we have seen a 42% rate increase in the broader Group Market.

Renewal rates can be driven higher based on claims history.

**Question:**

How do we avoid the risk of unsustainable renewal costs?

Figure A  
Average Annual Worker and Employer Premium Contributions for Family Coverage, 2013, 2018, and 2023



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### ICHRA: The Modern, Flexible Solution

**Traditional Way – Defined Benefit**

- Employer chooses a health plan – employees pay premium via payroll deduction



**New Way – Defined Contribution (ICHRA)**

- Employer sets contribution limit (dollar amount)
- Employee purchases their preferred individual health plan (no medical underwriting)
- ICHRA Vendor processes reimbursement for (or payment of) insurance premium



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### QSEHRA: Tailored to Small Businesses

**New Way – Defined Contribution (QSEHRA)**

- Employer sets contribution limit (dollar amount)
- Employee secures health insurance (Individual, Spouse, Parent, or Subsidized Plan)
- QSEHRA Vendor processes reimbursement for insurance premium or medical expense.



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## Contribution Funding Strategies

**Age Banded Strategy**

- Employer sets a target coverage level (e.g. 75% of a Gold Plan)
- Each employee will have the same purchasing power
- Contribution amounts will vary based on employee's age and geographic location

**Flat Dollar Amount**

- Employer sets a flat amount for all employees (e.g. \$500)
- Each employee will receive the same dollar amount to purchase health insurance
- Simpler to understand, but may disadvantage older employees or those in higher rating areas

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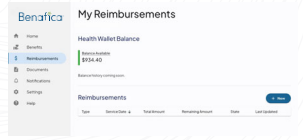
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## Plan Design – Medical Expense Coverage

If an employee picks a plan that costs less than their ICHRA contribution, remaining dollars can be used for out-of-pocket medical expense reimbursement.

Reimbursement requests can usually be submitted through a vendor's portal (Benafica Health Wallet shown below)

Medical Expense Reimbursement is **optional** and does not need to be included in ICHRA/QSEHRA design.



**Benefits Offer Details**

Employer Contribution	\$847.29 / month
Employee Contribution	\$730.49 / month
Reimbursement Available	\$116.80

Employer Contribution: \$847.29 / month   
 Reimburse: \$730.49 / month   
 Reimbursement Available: \$116.80 / month

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## ICHRA Wins & Losses

**Wins**

- Budget Control & Predictability (Defined Contribution)
- Freedom to choose your own preferred health plan
- Greater flexibility (no "one-size-fits-all" burden)

**Losses**

- Loss of Open-Access/Nationwide networks
- Potential learning curve for employees
- Departure from the traditional approach of group health

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### Empower Your Workforce to Achieve a Healthier Future

BABY BOOMER
GEN X
GEN Y
GEN Z



Higher Utilizers Both Male & Female  
Older Family  
More Money – HDHP – HSA  
Medicare

Higher Utilizers Especially Female  
Younger Family – A lot of preventive  
Gold Plan with Lower Cost Share

Low Utilizers  
Bronze – High Deductible

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### Employees Want More Choice

Current enrollment data confirms this:

- 34% of employees value the low cost of Bronze plans
- 35% value the high coverage of Gold plans
- 25% fall somewhere in the middle with Silver plans

Plan Choice by ICHRA/ OSEHRA Enrollees 2024



*Without ICHRA, it is difficult to meet each employee's needs.*

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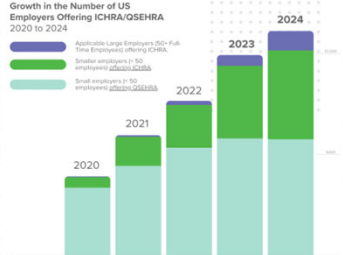
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### Employers are Adopting ICHRA

Growth in the Number of US Employers Offering ICHRA/OSEHRA 2020 to 2024



Applicable Large Employers (50+ Full-Time Employees offering ICHRA/OSEHRA)  
 Smaller employers (1-50 employees offering ICHRA/OSEHRA)  
 Small employers (1-50 employees offering ICHRA/OSEHRA)

Growth Trends for ICHRA & OSEHRA: 2023-2024

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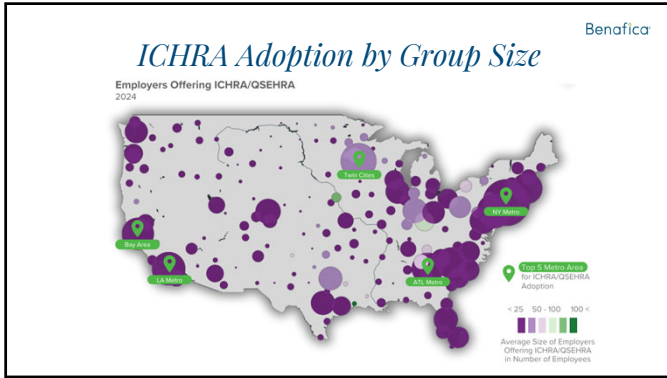
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### Process of Offering ICHRA

1. Employer determines contribution strategy and terms of eligibility
2. Employees elect/waive ICHRA and shop for health insurance
3. Employee substantiates coverage and receives reimbursement or payment to insurance carrier

*\*Some ICHRA vendors will simply reimburse an employee-paid premium, while others may provide a direct payment on behalf of the employee.*

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### Shopping Experience – Individual Market

- Plans differ by coverage level (Bronze / Silver / Gold / Platinum)
- Plans differ by carrier & size of network
- HSA-Compatible plans (HDHP) are available

HealthPartners	BlueCross BlueShield Minnesota	Ucare
Total Expense Estimate: Medium	Total Expense Estimate: Medium	Total Expense Estimate: High
Peak \$5,350 Plus Bronze	Blue Plus Minnesota Value	Ucare Gold StandardRx
BRONZE PPO	SILVER HSA PPO	GOLD HMO
\$281.95 /month	\$295.80 /month	\$369.30 /month
<a href="#">ADD</a>	<a href="#">ADD</a>	<a href="#">ADD</a>

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*Required Compliance*

- ICHRA/QSEHRA General Notice
  - In some cases, this is required 90 days prior to effective date
- Form 5500 Reporting
  - Applicable to most employers over 100 FTE
- 1095 Reporting
- PCORI Fee & Filing
- ICHRA Affordability Testing
  - Required for employers over 50 FTE (ACA Mandate)
- Non-Discrimination Testing

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*Take the First Step*

**Contact your North Risk Partners Risk Advisor to learn more about ICHRA.**

**August "Gus" KammueLLer**  
 Channel Sales Manager  
 HRA@Benafica.com  
 651.358.2975

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