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Is an ICHRA Benefits Plan Right for Your Organization?

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Presenters

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Agenda

1. Rising Costs in Group Markets
2. ICHRA Concept
3. Elements of ICHRA Plan Design
4. ICHRA Wins & Losses
5. Process of Offering ICHRA
6. Required Compliance
7. Taking the First Step

Unsustainability in the Group Market

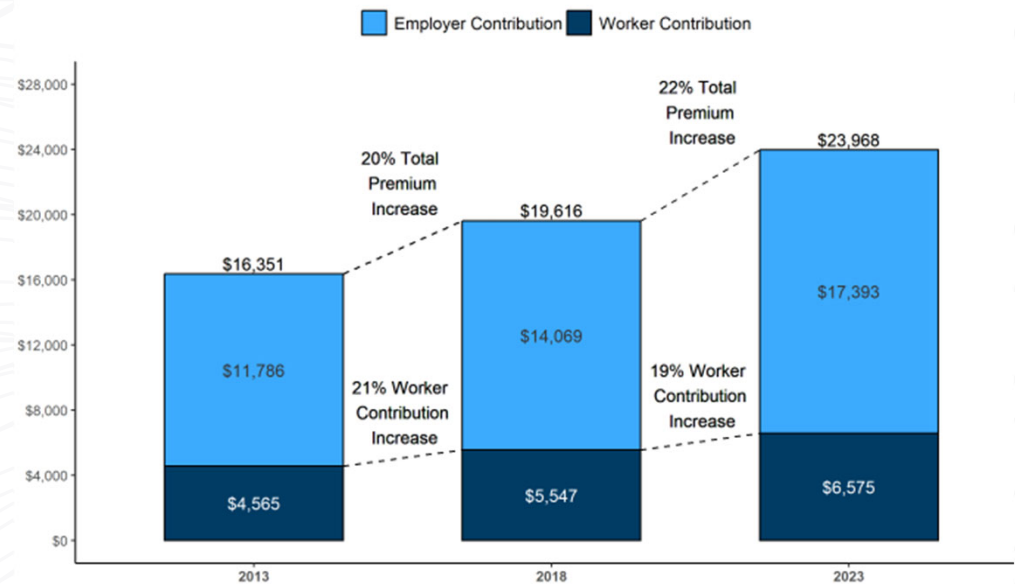
In the last decade, we have seen a 42% rate increase in the broader Group Market.

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



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



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.



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

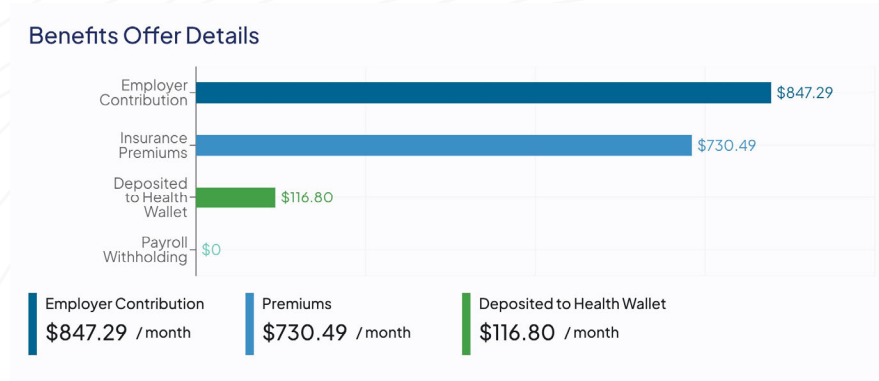
- Employer sets a flat amount for all employees (e.g. \$500)
- Each employee will receive the same dollar amount to purchase health insurance
- Simpler to understand, but may disadvantage older employees or those in higher rating areas

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.

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

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



Benafica My Reimbursements

Health Wallet Balance

Balance Available: \$934.40

Balance history coming soon.

Reimbursements [+ New](#)

Type	Service Date	Total Amount	Remaining Amount	State	Last Updated
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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



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

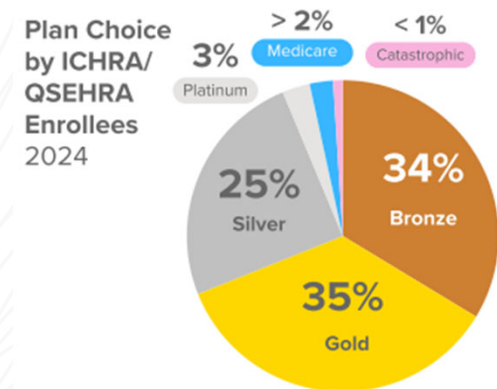
Low Utilizers
Bronze – High Deductible

Employees Want-More Choice

Current enrollment data confirms this:

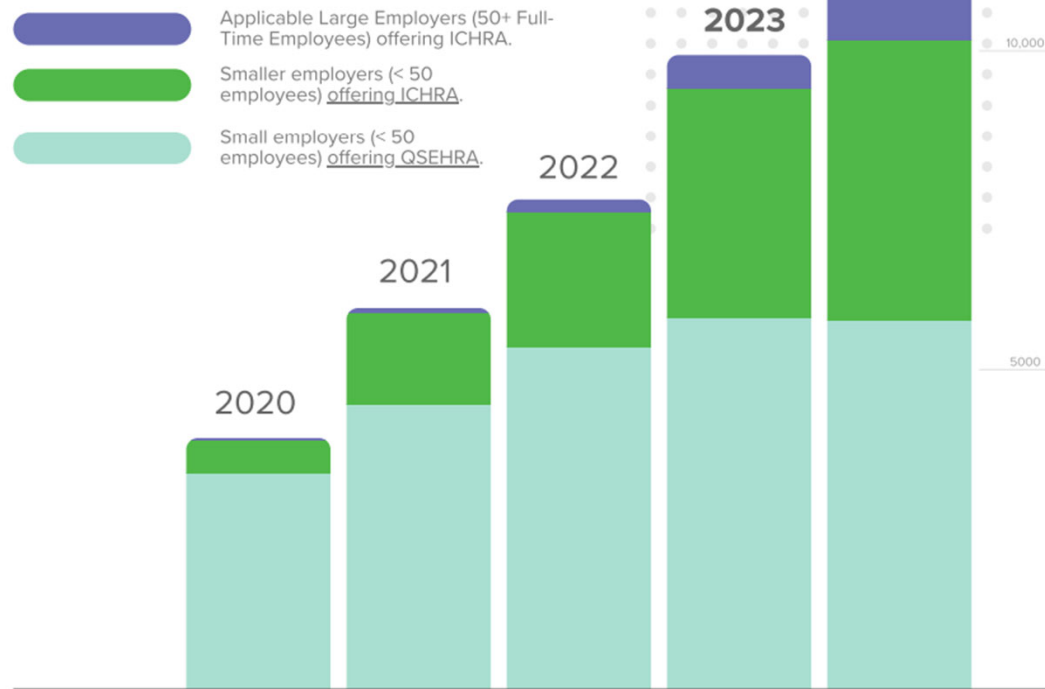
- 34% of employees value the low cost of Bronze plans
- 35% value the high coverage of Gold plans
- 25% fall somewhere in the middle with Silver plans

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



Employers are Adopting ICHRA

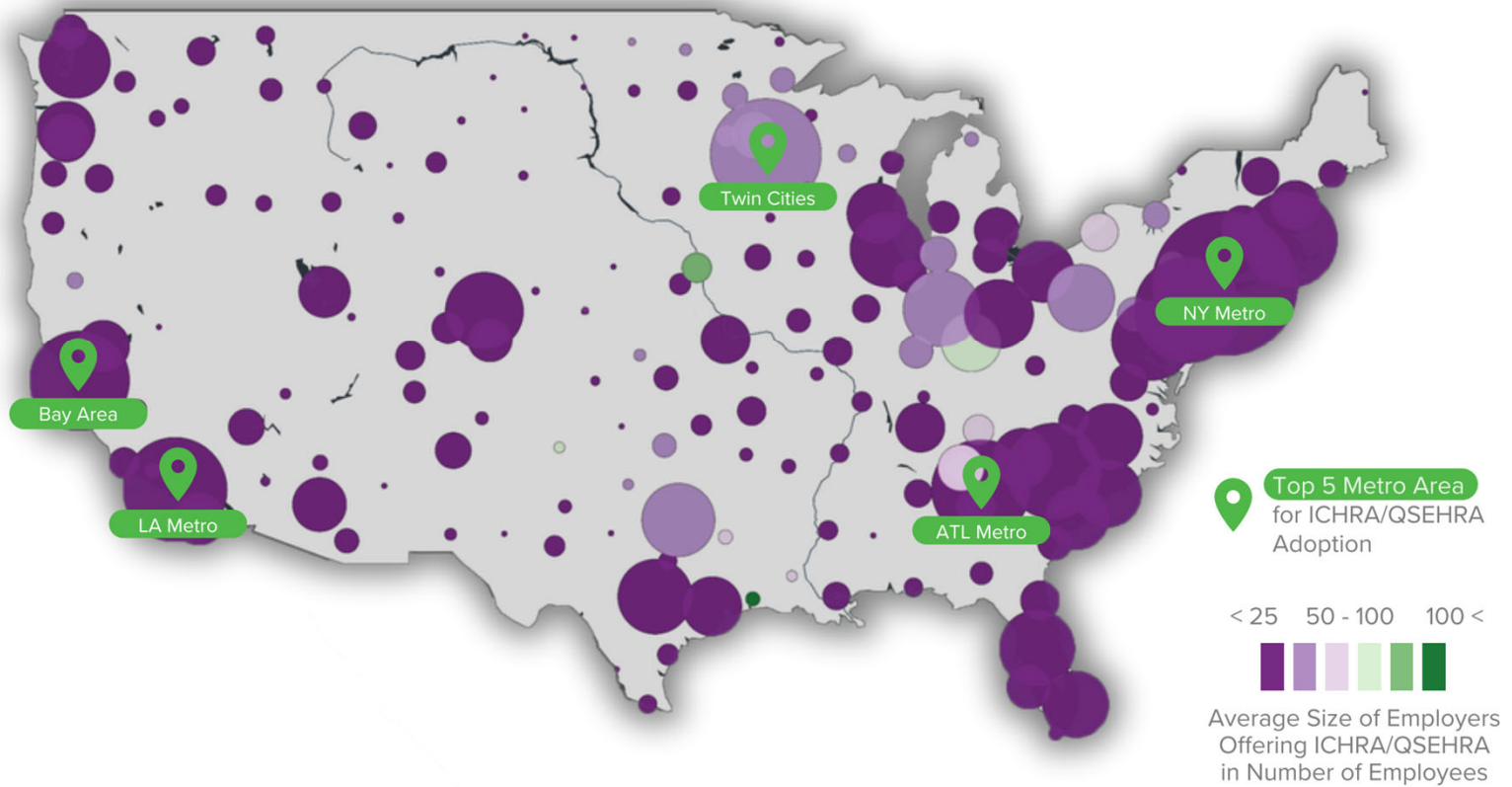
Growth in the Number of US Employers Offering ICHRA/QSEHRA 2020 to 2024



Growth Trends for ICHRA & QSEHRA: 2023-2024

ICHRA Adoption by Group Size

Employers Offering ICHRA/QSEHRA
2024






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.**

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

Total Expense Estimate Medium	Total Expense Estimate Medium	Total Expense Estimate High
 HealthPartners Peak \$6,350 Plus Bronze BRONZE PPO \$281.95 /month ADD 	 BlueCross BlueShield Minnesota Blue Plus Minnesota Valu... SILVER HSA PPO \$295.80 /month ADD 	 Ucare UCare Gold StandardRx GOLD HMO \$369.30 /month ADD 

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

Take the First Step

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

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