

Health coverage is a focus for many employers as they look for innovative and cost-effective ways to provide benefits. An individual coverage health reimbursement arrangement, or ICHRA, can offer substantial flexibility.

A SIMPLY **SMARTER** APPROACH

The ICHRA allows employers of all sizes to reimburse their employees (tax-free) for medical expenses. Your employees may use ICHRA funds to pay for individual healthcare premiums and eligible out-of-pocket medical expenses they incur, along with their dependents during the plan year.



WHAT ARE THE REQUIREMENTS FOR **AN HRA TO QUALIFY AS AN ICHRA?**

- Employers may not offer eligible employees a choice between an ICHRA and a traditional group coverage health insurance plan
- Employers can leverage 11 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
- Employers must have reasonable procedures in place to verify employee enrollment in an individual health insurance plan or Medicare
- A written notice must be provided to eligible employees at least 90 days prior to the beginning of the plan year explaining key terms of the ICHRA
- Eligible employees must have the option to opt-out annually and upon termination

Classes include:

- ✓ Full-time employees
- ✓ Part-time employees
- ✓ Seasonal employees
- ✓ Temporary employees who work for a staffing firm
- ✓ Salaried employees
- ✓ Hourly employees
- ✓ Employees covered under a collective bargaining agreement
- ✓ Employees in a waiting period
- ✓ Foreign employees who work abroad
- ✓ Employees in different locations, based on rating areas
- ✓ A combination of two or more of the above

ICHRAs BENEFIT EVERYONE INVOLVED

Individual Coverage HRAs allow you to give your employees a flexible benefit option that can be tailored to their unique needs.

ICHRAs CAN BE APPEALING FOR MANY EMPLOYERS:

- The ICHRA is tax-free for both employers and their employees
- There are no minimum participation requirements and no minimum or maximum contributions limits
- Employers can choose eligibility requirements, meaning they can leverage 10 different employee classes to offer different benefits to different types of employees (e.g., full-time, part-time, seasonal, temporary, salaried, hourly, etc.)
- Employers have the ability to offer different allowance amounts to different classes of employees



A SIMPLY SMARTER APPROACH TO EMPLOYEE BENEFITS

Today, the benefits landscape is more confusing than ever, but it's also never been so essential. At Clarity, we believe life is a journey; one that should be lived well. So, we'll stop at nothing to bring clarity, and ensure your clients' employees are ready for life. With state-of-the-art technology and world-class customer service, we'll handle the day-to-day so you can focus on what matters: building your business.



**VERIFIED HIPAA SEAL
OF COMPLIANCE™**

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