

ICHRA Strategy – Stabilize Cost (Early ICHRA Adopter)

ICHRA CASE STUDY

WHAT IS AN ICHRA?

Individual Coverage Health Reimbursement Arrangement (ICHRA)

ICHRA is the next generation of employer-sponsored health care. Employers of any size can reimburse employees for major medical and Medicare premiums on a tax-advantaged basis.

Employer Benefits

- Budget-friendly, predictable costs, less volatile than traditional group insurance
- Simplified Benefits Administration – No more difficult, complex decisions at renewal
- Flexibility among employee classes

Member Benefits

- Ability to select a plan that fits their specific needs from the wide array of individual marketplace plans
- Plans that better fit their monthly budget
- Continue to benefit from tax advantages they have with a traditional group plan

PROBLEM

In 2020, a fully insured real estate services company with 35 employees was experiencing ongoing large renewal increases in its group health plan.

The group was facing a mid-year renewal increase of 28%, potentially taking the annual company cost from \$186,655 (\$5,333 per employee per year - PEPY) to \$238,918 (\$6,826 PEPY).

They had to find a way to stabilize year-over-year costs so they could continue to offer employees a quality health benefit.

SOLUTION

After learning about the ICHRA option, the company had an analysis completed to see how the ICHRA method would compare to their current group health method.

The recommendation was to implement an ICHRA for the 35 employees.

The ICHRA model was developed to allow each employee to purchase, from the individual marketplace, a plan similar to their group health plan for similar employee monthly cost.

YEAR-OVER-YEAR RESULTS

YEAR	2020 Group Plan	2021 ICHRA Plan	2022 ICHRA Plan	2023 ICHRA Plan	2024 ICHRA Plan
Company Cost (PEPY)	\$5,333	\$4,713	\$4,713	\$4,854	\$4,949

863-588-1582

ezICHRA®