

ICHRA Strategy – Full Replacement

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 health services company with 220 employees was experiencing serious, ongoing large claim issues in its group health plan and was facing a 22% renewal increase.

Because of the ongoing claims risk within their employee population, they had to find a more stable way to finance their health plan.

With recruitment and retention as a key goal of the company, it was imperative that employees not experience any negative impact with the chosen resolution.

SOLUTION

After a comprehensive analysis, it was clear that both the employees and company would greatly benefit from adopting the ICHRA method. It would provide stability for the company while giving their employees health insurance choices that were equal to or better than their group health plan options.

RESULTS

By adopting the ICHRA method in 2021, the company stabilized their health insurance expenses while providing employees with a wide array of positive individual marketplace health plan options. In 2022, the organization made a significant acquisition and the company can continue to grow without damaging the bottom line.

Employer Cost and Employee Plan Level Results

	2020 Group Plan	2021 ICHRA	2022 ICHRA	2023 ICHRA
Employer Per Employee Per Year Cost	\$10,657	\$7,208	\$7,145	\$7,484
Employee Gold Plan Enrollment %	72.60%	75.58%	82.98%	83.04%
Employee Silver Plan Enrollment %	19.58%	16.59%	11.70%	12.01%
Employee Bronze Plan Enrollment %	7.82%	7.83%	5.32%	4.95%

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