

# A Guide to Understanding ICHRA



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# Introduction

The Individual Coverage Health Reimbursement Arrangement (ICHRA) represents a big shift in the way health insurance is delivered. For many businesses an ICHRA will provide a welcome alternative to traditional group health benefits. It enables employers of all sizes to reimburse their employees tax-free for health insurance premiums and qualified medical expenses.

As of January 1, 2020, employers have the ability to take advantage of new regulations which expand the usability of Health Reimbursement Arrangements (HRAs), a type of account-based plan employers can use to reimburse employees for individual health insurance premiums and medical care expenses.

Now employers can provide their employees money in a tax-advantaged arrangement that they can use towards the purchase of an individual health insurance policy. In most cases, the ICHRA rule will increase employee options for health insurance coverage, allowing workers to shop for a policy in the individual market and select coverage that best suits their needs.

The Individual Coverage Health Reimbursement Arrangement represents a modern model of employer-sponsored health insurance and is available to all businesses, regardless of size, providing:



**GREATER COST CONTROL** – employers can confidently set their health plan budget year after year, while providing employees coverage no matter what their needs.



**SMARTER INDIVIDUAL CHOICES** – employees can shop the open insurance market – compare and select what best suits their individual needs.



**EASY ADMINISTRATION** – leveraging an ICHRA-specific technology solution can lift the administration burden by eliminating reoccurring tasks and simplifying the process of employee management.

## What is an ICHRA?

An ICHRA is an employer-funded, tax-free health benefit used to reimburse employees for individual health insurance premiums and other medical expenses. By offering an ICHRA, employers are able to define contribution limits and have more flexibility in plan design that will better fit the unique needs of their employees. The employer establishes the reimbursement allowance per employee.

Employees select and purchase an individual health insurance policy from the individual market that works best for them. Employees pay their individual premiums and/or medical expenses (depending on how the employer designs the ICHRA) and then submit receipts for reimbursement from the employer. Employees provide proof of coverage and the employer reimburses them up to the pre-set contribution allowance.

ICHRA are centered on a reimbursement model (sometimes referred to as a *defined contribution* approach) under which employers have greater control over costs and employees have more options to choose from. This is very different than the group insurance market model (sometimes referred to as a *defined benefit* approach) where employers select a one-size-fits-most group plan and employees are limited to options selected by the employer.

### There are two primary differences between an ICHRA and a traditional HRA:

1. An ICHRA can reimburse individual medical insurance premiums, while most traditional HRAs cannot.
2. Most traditional HRAs must be "integrated" with a group health plan, whereas an ICHRA works with individual insurance policies.

ICHRA have changed the HRA landscape by opening the doors to businesses that were previously unable to offer an HRA.

- Employers of all sizes may offer an ICHRA.
- Applicable Large Employees (ALEs) are able to meet the employer mandate.
- The employer sets contribution allowances subject to certain nondiscrimination requirements, no caps on amounts set.
- Employers may offer both an ICHRA and a group health insurance plan, however not to the same class of employees.
- Employers define benefit eligibility and may set different contribution allowances based on 11 employee classes.

## A Brief History of ICHRA

Health Reimbursement Arrangements (HRAs), commonly used with group health plans, flourished in the early 2000s. It was common for small employers to use HRAs to reimburse employees for the cost of individual health insurance. In 2013 an interpretation of the Affordable Care Act issued by the IRS in Notice 2013-54 changed all of that. The interpretation essentially prevented businesses from offering HRAs that integrated with individual health insurance, except under very limited circumstances.

In 2016, Congress passed the 21st Century Cures Act, creating the Qualified Small Employer HRA (QSEHRA). Offered exclusively to groups with fewer than 50 full-time employees, the QSEHRA was an exception to the IRS Notice and provided some relief to small businesses. As a result, thousands of businesses were able once again to provide health benefits to their employees.

In October 2018, the U.S. Department of Labor, Health and Human Services proposed new regulations to expand the usability of the Health Reimbursement Arrangements. The rules were finalized in June 2019. The new rules state that, if certain guidelines are followed, HRAs may integrate with individual health insurance for any size business. As a result of the ruling, Individual Coverage Health Reimbursement Arrangements were created.

**Effective January 1, 2020 employers of all sizes may offer ICHRAs to their employees.**

- 2010 Affordable Care Act** – comprehensive healthcare reform designed to extend healthcare to millions.
- 2013 Affordable Care Act Notice 2013–54** – interpretation issued preventing businesses from offering HRAs that integrated with individual health insurance.
- 2016 21st Century Cures Act** – creation of Qualified Small Employer Health Reimbursement Arrangement.
- 2019 Regulations Finalized** – expanded usability of HRAs approved.
- 2020 Individual Coverage Health Reimbursement Arrangement** – effective plan years beginning in January 2020.

# Is an ICHRA Right For Your Business?

In today's competitive climate, compensation, perks and benefits are an important incentive to attracting and retaining top talent. Having the option to offer a robust benefit package is one lever that can be pulled to provide a competitive advantage and stand out from the competition.

Traditionally, employers were given two choices when it came to health insurance plans: offer a “one-size-fits-most” or offer nothing at all. The Individual Coverage Health Reimbursement Arrangement changes all that. Now employers are able to use pre-tax dollars to create the perfect health plan that pays for part of or all of an employee's individual health insurance policy premium. In addition, an ICHRA provides these additional benefits to both employers and employees:

## Employers

- Opens the door to the individual health insurance marketplace for employers, eliminating the guesswork of which plans will meet the needs of all (or most) employees.
- Enables cost predictability. Employer has complete control over the contribution amounts, subject to the requirement that coverage be provided on the same terms to all employees within a class.
- Allows businesses to focus on what they do best—serve their customers—and not on navigating and managing the complex world of health benefit design and administration.
- Removes some of the burdens of managing a health plan and underlying health risks off of the employer.
- Reduces the administrative stress of handling renewals AND there are no participation minimums to worry about.
- BONUS: If an employee doesn't buy insurance or doesn't use all the money, the employer keeps the money.

## Employees

- Presents more options therefore more freedom to choose individual coverage that better suits their needs.
- Provides tax advantages because the reimbursements do not count toward the employees' taxable wages.
- Provides coverage portability. Employees can take the insurance with them if they leave the company.
- Creates psychological benefits when employees see their employer taking care of them by offering funds to help pay for health insurance coverage.

## Why not just give raises to employees?

When faced with having to research, analyze, and choose between HRA options, some employers might think it easier to just give their employees a raise so they can purchase their own insurance. After all, giving employees a little extra to cover their insurance premiums seems like a simple and straightforward option. But is it?

### Advantages

- Since this is just a salary adjustment and not a 'real' benefit, there are no health-specific rules or regulations to follow.
- Employers can decide the exact amount to give each individual employee or just add a flat amount to everyone's salary.
- Employees will have a momentary feeling of gratitude upon receiving the raise.

### Disadvantages

- No tax savings, as a salary increase is taxable for both the company and the employee.
- Less money is available to the employee to use on a health insurance policy than they would otherwise receive through an HRA because the HRA is pre-tax dollars.
- Costs the company additional payroll taxes, which adds hundreds of dollars per year per employee to the corporate tax burden.
- Salary increase is lost to the company, even if the employee does not use it on health insurance or medical expenses.
- Diminished competitive or psychological value: even if the purpose of the raise is to act as a health benefit, employees may not see it that way and it loses its impact over time.

## How Does an ICHRA Work?

An ICHRA is a group health plan. It is subject to many of the same general legal requirements as a traditional group health plan. The ICHRA must comply with all of the general Employee Retirement Income Security Act (ERISA) requirements applicable to traditional group health plans, including reporting requirements (e.g., Form 5500), disclosure requirements (e.g., distributing Summary Plan Descriptions and Summaries of Material Modification), and

requirements regarding claims and appeals procedures (unless a specific exemption applies).

An employer adopting an ICHRA, as the ERISA plan administrator, is responsible for ensuring the ERISA requirements are satisfied and will have ERISA fiduciary duties with respect to operation of the ICHRA. Furthermore, ICHRAs are generally subject to other laws that apply to group health plans, such as COBRA and HIPAA. In most cases ERISA and the other laws apply only to the ICHRA itself; the individual health insurance policies purchased through the ICHRA are not considered to be a group health plan for purposes of these rules.

An ICHRA, like all HRAs, has a number of required processes and guidelines. This section will examine at a high-level the following five guidelines:

1. Definition of plan design and employee eligibility (employer)
2. Establishment of the contribution allowance (employer)
3. Selection and purchase of individual health insurance coverage (employee)
4. Submission of claims for reimbursement (employee)
5. Approval and reimbursement of claims (employer)

### 1. Definition of plan design and employee eligibility (employer)

When an employer offers an ICHRA, it must be offered on the same terms to all individuals within a class of employees.

Employers can choose to structure the eligibility and contribution criteria using the 11 employee classes defined by the ICHRA regulations. These are the only classes available:

1. Full-time employees
2. Part-time employees
3. Seasonal employees
4. Salaried employees
5. Non-salaried employees (such as hourly)
6. Employees covered by a particular collective bargaining arrangement (different bargaining units can be separate classes)
7. Employees who have not satisfied a waiting period
8. Temporary employees of staffing firms
9. Non-resident aliens with no US-based income
10. Employees working in the same insurance rating area (i.e., the same geographic location such as state or multi-state region)



There are a few rules to ensure the offerings do not discriminate, including:

- Employers must offer the same amount of reimbursement to all employees in a class, although amounts can be increased for workers who are older or have dependents.
- Employers cannot offer an ICHRA to an employee to whom the employer also offers a group health plan. However, an ICHRA may be offered to one class, such as part-time workers, and a group health plan to another, such as full-time employees.

Should an employer offer a group health plan to a class of employees, class size limitation guidelines must be followed if the employer uses any of the following classes: full-time employees, part-time employees, salaried employees, non-salaried employees, and employees working in the same rating area. In these cases, classes must be larger than:

- Ten employees, for an employer with fewer than 100 employees.
- Ten percent of the total number of employees, for an employer with 100-200 employees.
- Twenty employees, for an employer with more than 200 employees.

Also, through a new hire rule, employers can offer new employees an ICHRA while grandfathering existing employees in a traditional group health plan.

## 2. Establishment of the contribution allowance (employer)

Employers define the monthly amount they want to contribute tax-free to the ICHRA; it can be as little or as much as they want. This represents the maximum amount for which employees can be reimbursed through the benefit. With an ICHRA, there are no minimum or maximum contribution limits.

In addition, employers can choose what they want the ICHRA to reimburse:

- insurance premiums only
- insurance premiums and qualified medical expenses\*
- qualified medical expenses only\*\*

An employer may also offer different contribution allowances to employees based on the 11 classes. However, the employer must offer the same amounts to all within an employee class. It is important to note that contribution allowances offered may be increased based on age or family status, as long as contributions based on age do not exceed amounts three times greater for the oldest employees versus the youngest employees in the class.

### Out of State Employees

Offering an ICHRA opens the doors for employers to meet the needs of employees who live across the country. Insurance rates and coverage typically vary by geographic location. With an ICHRA, employers can set classes by insurance rating area, giving employees the opportunity to purchase plans in their local market. In addition, employers can provide different contribution allowances for each state in which their employees live. Employees can keep their local doctor and hospitals and not worry about limited coverage or network issues.

\* Qualified medical expenses are defined by the IRS in publication 502

\*\* Must have individual health insurance coverage.

### Contribution Allowance Examples

- *Provide all employees with the same amount:* Give all employees \$300 per month.
- *Vary amounts by full-time and part-time workers:* an employer may offer a \$300 per month health care contribution allowance to their full-time employees and \$100 per month to their part-time employees.
- *Vary amounts by employee age:* Individual market plans for older people typically cost more, so employers may elect to offer higher contribution allowances to older employees. Contribution allowances must be structured using a 1:3 ratio from the youngest to the oldest employee. An employer, for example, may offer a 24 year-old \$100 per month and a 64 year-old \$300 per month.

The employer can determine whether to allow unused contributions to rollover from month to month or year to year.

### 3. Selection and purchase of individual health insurance coverage (employee)

An employee falling within in one of the designated classes defined by the employer is eligible to participate in the ICHRA. Using their own money, employees purchase a health insurance policy that best suits their needs. All employees participating in the ICHRA (and any covered dependents) must have individual health insurance coverage, which includes Medicare Parts A and B, or Medicare Part C.

Employees must provide proof of such coverage (e.g., by submitting an attestation) on an annual basis. If the employee loses or cancels their individual health insurance, coverage under the ICHRA ends.

#### Policy Premiums Exceeding Employer Contribution

**An employee may select an individual health insurance policy that costs more than the employer monthly contribution allowance. The amount of premium over the employer contribution (the "remainder") is the employees responsibility.**

**An employer may allow pre-tax payment of this remainder through the employers existing cafeteria plan or may establish a stand-alone cafeteria plan that only addresses the remainder. Alternatively, the employer may make arrangements with the employee to pay for the remainder on an after-tax basis (e.g. through after-tax payroll deduction).**

### 4. Submission of claims for reimbursement (employee)

After incurring an expense, employees submit proof of the expense to their employer for approval. To be approved, the documentation submitted must include the following items:

1. a description of the product or service,
2. the cost of the expense, and
3. the date the expense incurred.

Invoices and receipts typically satisfy the requirements, as well as other documents that may be requested.

Before an employee can receive a reimbursement from the ICHRA, they must show proof that the person who incurred the eligible expense (i.e. the employee and/or a covered dependent) continues to have the required individual health insurance coverage.

**Nexben's Reimbursement Process is Simplified!**

Gone are the days of gathering receipts and filling out reimbursement forms.

With Nexben's ICHRA solution the employer defines the monthly contribution allowance that will be available to each employee class. That contribution amount will be applied to the monthly insurance premiums of the policy selected by each individual employee; any remaining premium balance due may be taken care of via employee pre-tax payroll deduction.

Nexben's ICHRA solution provides a consolidated insurance carrier bill that requires one click of a button by the plan administrator. The uniquely automated premium billing feature facilitates the premium payments to each individual insurance carrier based on the employee's individual policy selection.

Generally, all items listed in the Internal Revenue Service Publication 502 are eligible for reimbursement through an ICHRA. Employers have the option to limit this list and some employers may even opt to only cover individual health insurance premiums.

With an ICHRA, all reimbursements are tax-free, including premiums.

**5. Approval and reimbursement of claims (employer)**

The employer must approve the employee's request and reimburse them up to the monthly contribution allowance. The expense is eligible for reimbursement, if the documentation provided by the employee meets the requirements and they have the appropriate individual health insurance coverage. Should the expense not qualify, the employer must follow the procedure for denied claims according to its ICHRA plan documents. Typically, employers include the tax-free reimbursements in the employee's paycheck.

## Affordability & Premium Tax Credits

### Affordability

The Affordable Care Act (ACA) requires employers with more than 50 full-time equivalent employees to offer comprehensive health coverage to their full-time employees (30 hours per week), known as the "employer mandate." Employers may be subject to steep penalties (i.e., shared responsibility payments) for failing to offer health coverage to substantially all of their full-time employees or for not offering full-time employees coverage that is affordable and provides a certain minimum level of coverage.

An ICHRA can help employers satisfy the employer mandate. First, by offering an ICHRA to substantially all (generally 95%) of its full-time employees, the employer can avoid the larger of the two employer mandate penalties. Furthermore, if the ICHRA offered by an employer to substantially all full-time employees is "affordable," then the employer can also avoid the second type of employer mandate penalty. If the ICHRA is deemed unaffordable, the employer may be subject to the second type of employer mandate penalty, the ACA's shared responsibility payments.

An ICHRA is considered affordable for an employee if the monthly premium for the lowest-cost silver plan for self-coverage only (on the exchange in the employee's primary site of employment), minus the monthly amount made available to the employee under the ICHRA (not including any increased amount made available under the ICHRA based on the number of covered dependents), is less than 9.61% of 1/12 of the employee's annual household income.

The percentage rate applies in 2022 and is indexed yearly. The employer can use certain safe harbors to determine annual household income (e.g., the W-2 safe harbor, the rate of pay safe harbor, or the federal poverty line safe harbor).

An individual may pay more than 9.61% of their household income on premiums if they enroll in the exchange coverage with a spouse or child. Note that affordability is determined only by the amount that must be paid by the individual for self-only coverage.

## Affordability Explained

In 2020, Green Garden Nursery is offering an ICHRA and set a contribution allowance of \$350 to all of its employees.

### Example A:

Mary has an annual household income of \$50,000. The lowest-cost silver plan in her area is \$600. The affordability calculation in Mary's situation is:

$$\$50,000 \div 12 \times .0961 = \$400.42$$

$$\$600 - \$400.42 = \$199.58$$

The lowest allowance that can be considered affordable for Mary is \$199.58.

The employer contribution allowance must be equal to or greater than \$199.58 per month to be considered affordable. The employer's contribution is set at \$350 per month, which is above the affordability limit. Mary will pay any difference for the coverage she selects.

### Example B:

Jack has a household income of \$35,000. The lowest-cost silver plan in his area is \$650. The affordability calculation in Jack's situation is:

$$\$35,000 \div 12 \times .0961 = \$280.29$$

$$\$650 - \$280.29 = \$369.71$$

The lowest allowance that can be considered affordable for Jack is \$369.71 per month. The company's contribution allowance of \$350 per month is below the affordability limit. Jack can opt out of the ICHRA, go to the state exchange for coverage and claim his premium tax credit instead. If this happens, the company will be assessed a shared responsibility payment by the IRS.

## Premium Tax Credits

*If an employee is offered an ICHRA, are they still eligible for the premium tax credit?*

It depends. Employees who are otherwise eligible for a premium tax credit may choose to waive access to those credits and participate in the ICHRA. Should the ICHRA benefit offered by the employer be deemed unaffordable under the definition laid out by the Affordable Care Act, employees may waive enrollment in the ICHRA and may claim the premium tax credits through a federal or state-based health insurance exchange.

If the ICHRA is deemed affordable, employees may not claim premium tax credits for exchange coverage, even by opting out of the ICHRA and purchasing coverage from the exchange.

Additionally, if an employee does not opt out of their ICHRA, they will not be eligible for a premium tax credit for exchange coverage, regardless of whether the ICHRA is affordable.

# Setting Up an ICHRA

The process for setting up and offering an ICHRA requires six steps.

## STEP 1 – Pick a Start Date

The first step is pretty easy. Many employers think about benefits on a calendar year basis and align with open enrollment. An ICHRA can be started on any date and will trigger a special enrollment period so employees can find coverage on the individual market outside of the open enrollment dates with ease. If an employer chooses to cancel an existing group health insurance plan, the ICHRA start date should begin one day after the cancellation takes effect.

## STEP 2 – Design Classes for Eligible Employees

Flexibility in designing the program to better fit the needs of employees is one of the valuable features of an ICHRA. Employers have the ability to split employees based on 11 categories and tailor the specific benefits to be provided to each custom class. Employers can decide to offer an ICHRA:

- to all employees,
- only to certain classes and not offer a benefit to certain classes, or
- only to certain classes and offer a traditional group benefit to certain classes.

*See page 7 for class descriptions.*

## STEP 3 – Determine Budget and Set Contribution Allowance

The next step for the employer is to determine the annual budget and how much it will provide employees on a monthly basis for insurance premiums and medical expense reimbursement. Keeping in mind the following:

- There are no minimum or maximum contribution allowance requirements.
- Different contribution allowances may be offered to different employee classes.
- Within a class, different contribution allowances may be offered to an employee based on age and family size.

### Special Enrollment Period

Employers may set up an ICHRA any time during the year. In order to participate in an ICHRA, the employee must be covered under an individual health insurance policy.

Generally, individuals enroll in or change their individual health insurance coverage during the annual Open Enrollment for individual health insurance policies which runs from November 1 to December 15.

To purchase a plan outside of Open Enrollment, individuals need a qualifying life event (e.g. marriage, divorce, job change, moving or having a baby) to trigger a Special Enrollment Period. The availability of a new ICHRA, also allows for a Special Enrollment Period.

Now, employers offering an ICHRA will trigger a Special Enrollment Period for employees, providing the employee 60 days to purchase qualified health insurance coverage.

#### STEP 4 – Provide Legal Plan Documents

The Internal Revenue Code and ERISA (if applicable) require employers to establish a formal written plan document. In addition, ERISA requires presentation and distribution of a Summary Plan Description (SPD). These legal documents cover a significant amount of information and must include the terms and conditions of the ICHRA including: monthly reimbursement amounts, class structures, claims processes, reimbursement eligibility, and federally required information on HIPAA (if applicable) and other procedures involving privacy. There are potentially significant adverse consequences if an employer fails to adopt a written plan document or, if subject to ERISA, to present and distribute an SPD.

#### STEP 5 – Employee Communication

Considering how new ICHRAs are in the market, employers will want to provide guidance information to their employees. For many employees, the ICHRA will be their first experience with a reimbursement-based health benefit. Practical information to communicate: start date, how to obtain coverage (including a special enrollment period, if applicable), amount of their

allowance, how premium tax credits interact with the ICHRA, what can be reimbursed, and how to request reimbursements. However, the employer must not guide or influence employees regarding what individual insurance coverage to purchase.

*NOTE: In most cases, employers are required to provide a 90-day notice before the ICHRA’s start date. The notice must include key information about the ICHRA and information regarding employee eligibility for the benefit.*

#### Employee Communication Best Practices:

- Be clear an ICHRA is being offered and outline the benefits
- Get the word out; socialize the ICHRA around the office – from posters to lunch-n-learns to direct communications from leaders, and beyond
- Anticipate questions, prepare your answers
- Craft a welcome letter customized for each individual
- Engage an administrator to help guide employees through the enrollment process and answer questions along the way.

#### STEP 6 – Employee Resources

All employees covered by the ICHRA must have individual health insurance (which includes Medicare Parts A and B, or Medicare Part C). Shopping for health insurance will be a new experience for many employees, and may feel like an overwhelming task. Employers are in a position to provide guidance, information and tools to aid in the decision making process. Employers can direct employees on where to shop for benefits and whom to consult for private advice.

Again, it is important to note that employers should not directly or indirectly advise or influence employees when it comes to selecting an insurance company or policy.

# Administration of an ICHRA

It is possible for an employer to administer an ICHRA, keeping in mind that it requires management of a number of important components, including:

- **Written Plan Document**
- **Summary Plan Description (if subject to ERISA)**
- **COBRA Administration (if employer is large enough)**
- **Compliance with general HRA and group health plan requirements**
- **Contribution Allowance Evaluation**
- **Claim Processing**
- **Reimbursement Mechanism**
- **Record Keeping**
- **Tax Reporting**
- **HIPAA privacy and security compliance (unless an exemption applies)**

The items listed above, and other administrative tasks, are often time consuming and labor intensive. Self-administration may also leave an employer vulnerable to liability and legal action. Following are a number of areas where outside assistance may be of great value and service.

**Employee Privacy** – For reimbursements to be tax-free, employers must substantiate that employees are using funds to pay for health insurance and medical expenses. Having an employee submit receipts directly to the employer for review creates a significant privacy issue. Information about an employee’s medical expenses (including individual insurance premiums) is considered Protected Health Information under the Health Insurance Portability and Accountability Act of 1996 (HIPAA). In most cases, employers asking for and reviewing such Protected Health Information must ensure the privacy and security of that information to comply with HIPAA.

Leveraging an administrator provides a necessary layer of privacy.

**Record Keeping and Document Storage** – Before submitting an expense for approval, an employee must attest that they are covered under an individual insurance policy. The IRS and Department of Labor require that employees submit proper documentation verifying their expenses and that supporting documentation be kept on file for up to 8 years. Record keeping can become problematic considering the sheer volume of claims, documentation required, and whether those requests were approved or denied.

An outside service provider can provide an automated technology solution that keeps all digital records organized and secure, while complying with guidelines and regulations.

Outside service provider responsibilities may include review of employee reimbursement requests, approval of qualified expense, and storage of all related documentation on a monthly basis.

**Contribution Allowance Evaluation** – Employers may change monthly contribution allowances, provided adequate notice is given to employees. For most businesses, it makes sense to complete the evaluation as part of an annual benefits review and apply the changed contribution allowances with the start of the new plan year.

**Annual ICHRA Opt Out Requirement** – At least once a year, employees must be allowed to opt out of the ICHRA. For some employees, the opt out options allows them to claim the premium tax credit if they cannot afford an individual policy. An ICHRA requires all participating employees to enroll in either an individual insurance policy or Medicare, and employers need to implement an annual process to ensure employees are registered and to verify their enrollment in the ICHRA.

This can be as simple as having employees fill out a form that states they are enrolled in an appropriate policy. Alternatively, employers may leverage an outside service provider for documentation or have their insurance premiums paid directly.

**Changing Regulations** – Healthcare policy continues to evolve. As the landscape shifts and changes, an outside service provider will stay up-to-date on regulation changes.

## Choosing an ICHRA Technology Solution Provider

It is possible for an employer to administer an ICHRA, but it is not advised. As covered earlier in the guide, offering and administering an ICHRA requires employers to: create plan documents; collect, process, and store reimbursement requests; and monitor the landscape for regulation changes. In addition, employers often need to adhere to compliance and privacy guidelines.

There are a lot of moving parts to stay on top of and manage, all while running a business. For these reasons leveraging outside expertise and support would be a prudent business move.

Below are a number of key criteria to keep in mind when evaluating an ICHRA solution provider:

**Automated Compliance Administration** – the solution should keep the benefit plan current and compliant with applicable rules and regulations, including:

- Legal plan documents and summary plan documents
- Electronic signature enrollment
- Verification and privacy compliance
- Notification requirements



**Employer Tools and Resources** – An outside service provider should be designated. The outside service provider may be responsible for managing employee enrollment, utilizing reporting tools, and recording reimbursements, among other responsibilities. Functionality and resources should include:

- Online administrative access
- Streamlined enrollment
- Online premium collection and payment
- Real-time accounting and payroll support
- Reimbursement and recordkeeping
- Automated renewal
- Carrier integration

**Employee Tools and Resources** – An ICHRA technology solution should provide an easy way for employees to purchase individual health insurance and request reimbursements. Functionality and resources should include:

- Online portal to shop the open market
- Side-by-side plan comparison capabilities
- Paperless enrollment, e-signature enabled
- Online premium payments
- Easy reimbursement request and approval process
- Online access to plan documents
- HSA compatibility
- Employee support

There are a lot of complexities when it comes to the administration of an ICHRA. Employers should ask themselves if they truly have the time, resources and desire to take on the role of administrator. A partnership with an ICHRA-focused technology solution provider would allow employers to focus on what they do best.

# Nexben's ICHRA Solution

Powered by Nexben technology, Nexben's ICHRA solution offers the premier insurance marketplace that gives employers the power to rein in costs and employees true freedom of choice. Employers are armed to select a comprehensive benefit package that is right for employees and fits the bottom line. Employees are empowered to shop the open market for individual insurance coverage that best suits their needs.

Nexben's ICHRA is intelligently designed to simplify the entire experience – from shopping to managing and everything in between.

- 1. ADOPT - Employers work with their broker to determine their employee needs, run side-by-side comparisons and adopt the benefit package.**
  - Side-by-side plan comparison capabilities for benefit plan selection.
  - Upload employee census in industry standard format.
  - Establish employer contribution amount.
  - Approve and electronically sign a single plan document.
- 2. ENROLL – Employees access a consumer friendly, personalized benefit portal to shop and compare all available individual plans, select and enroll.**
  - Shop all plans in one 'store' using step-by-step instructions to guide them in finding the right coverage.
  - Access to expert advice and support.
  - eSignature protocol makes it easy to complete the online enrollment.
  - No receipts or reimbursement form submission required.
- 3. MANAGE – Employers and employees manage the benefit package through a single interactive portal. Employers receive one bill to pay for all employee policies.**
  - Easy access to plan documents and summary plan documents.
  - Real-time updates to ensure monthly premiums are paid on time and correctly.
  - Automated premium billing feature facilitates payments, eliminating the cumbersome reimbursement process.
  - One monthly consolidated bill for all employee policies. Nexben enables premium payments to each carrier based on each employee's individual coverage selection.

**With Nexben's ICHRA solution, companies of all sizes can simplify the process of offering and managing health insurance benefits.**

**Contact 1-877-487-6842 or [nexben.com](https://www.nexben.com) to learn more.**