



ICHRA

Individual Coverage Health Reimbursement Arrangement

An individual coverage HRA (ICHRA) allows employers, of any size, to use pre-tax dollars to create a group health plan that pays for part or all of an employees' individual health plan premiums and qualified medical expenses.

Comparing HRAs to ICHRAs

HRAs reimburse you for certain medical costs. Such expenses might include those associated with doctor visits, medical procedures and prescriptions, depending on the plan. To qualify for an HRA, employees must be enrolled in the employer's group health plan.

ICHRAs are a bit different. These accounts can reimburse certain medical expenses, insurance premium or both. Whether your ICHRA will cover both your premium and medical expenses (or just one) will vary by employer.

ICHRA Eligibility

To qualify for an ICHRA, an employee must enroll in **individual health coverage** using a Health Insurance Marketplace (Marketplace), a private insurer, Medicare or another method. In other words, an employee cannot be enrolled in an employer's group health plan and qualify for an ICHRA.

Additionally, any dependents (e.g., a spouse or children) employees have on their individual health plan would also be able to use ICHRA funds.

Under an ICHRA, Employees are ineligible to receive subsidies from the government. They are only eligible to receive employer contributions under the ICHRA.

How ICHRAs Work

On a very basic level, here's how an ICHRA works:

- Employees obtain individual health coverage through a Marketplace or another method rather than purchasing health coverage through your employer. **NOTE:** Compared to the group market, individual plan designs involve different network and generally unfavorable plan designs.
- Employees are ineligible to receive a federal subsidy under an ICHRA.
- Employers contribute a set amount every month into ICHRA accounts that can be reimbursed for certain expenses as they are incurred. Contributions and reimbursements are both tax-free. Employers decide which expenses are eligible for reimbursement under the plan's terms.
- Unused funds at the end of the plan year may go back to the employer or carry over, depending on the plan.

How Davevic Makes an ICHRA Easy

At Davevic, we have a state of the art platform to assist in the administration of ICHRAs that includes:

- An online marketplace that allows for an easy shopping experience for employees
- A staff of individual insurance experts that can provide assistance to your employees to help ensure they enroll in a plan that will work for them.
- Easy Management for Employers Enrollment, ACH Payments, Billing, etc.