

Thinking of Getting Started with ICHRA?



Individual Coverage Health Reimbursement Arrangement (ICHRA) offers a flexible, cost-controlled health benefit, allowing employers to reimburse employees for premiums and qualified medical expenses. ICHRA is quickly becoming the alternative to traditional group coverage.

Health plans are exploring ways to support ICHRA by creating tailored shopping and member experiences for employees who use their ICHRA funds to enroll in Marketplace coverage.

Here are the top 5 questions that health plan leaders are asking:

1

How is ICHRA Different from Traditional Group Coverage?

ICHRA provides cost control to employers and flexibility for employees:

- **Customization:** Employees choose a plan that best fits their needs, increasing satisfaction.
- **Cost Control:** Employers set defined contribution limits, avoiding unpredictable premium spikes.
- **Portability & Reduced Risk:** ICHRA plans are portable and shift health management to employees.
- **Tax Benefits:** Employers benefit from tax deductions, and reimbursements are tax-free for employees.
- **Simplified Compliance:** ICHRA is easier for businesses to administer, compared to traditional group plans.

Why health plans are considering ICHRA:

- **Attracting Younger, Healthier Members:** Transitioning members to Marketplace coverage helps health plans build a younger, healthier base, improving ACA risk pools and reducing premiums.
- **Improving Member Retention:** Even if employees leave their employers, the transition from ICHRA funds to Advance Premium Tax Credits (APTCs) can help members maintain their coverage without disruption.
- **Simplifying Administration:** ICHRA simplifies operations, as health plans don't need to design specific plans for group purchasers.
- **Easy Payment Processes:** Employees using ICHRA are not eligible for APTCs. Additionally, ICHRA Administrators are responsible for taking employer-provided funds and applying them as requested. This simplifies the payment process for health plans, as they do not have to integrate with multiple funding sources when payments are made through the ICHRA Administrator.

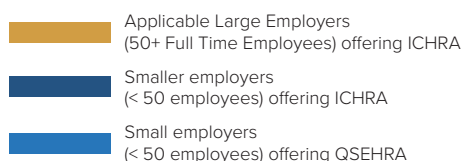
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What's the Future of ICHRA?

ICHRA is not just a passing trend. The HRA Council's "Growth Trends: ICHRA & QSEHRA" report highlights four key takeaways:

- **29%** growth in ICHRA adoption for employer-sponsored insurance
- **84%** increase in large employers integrating ICHRA into their benefits package
- **Over 200,000** of U.S. workers are offered ICHRA or QSEHRA
- ICHRA and QSEHRA are serving as gateways for new ACA enrollments

Growth in the Number of US Employers Offering ICHRA/QSEHRA
2020 to 2024



3

Who Is Most Likely to Enroll in ICHRA?

- **Younger, Healthier Members Improve ACA Risk Pools**
- **Those without Access to Employer-Sponsored Coverage**

Employers can categorize their workforce into 11 different ICHRA classes, including groups traditionally underserved by employer health plans:



57% of employees enrolled in HRAs are between the ages of 18-44.

— The HRA Council's "Growth Trends: ICHRA & QSEHRA"

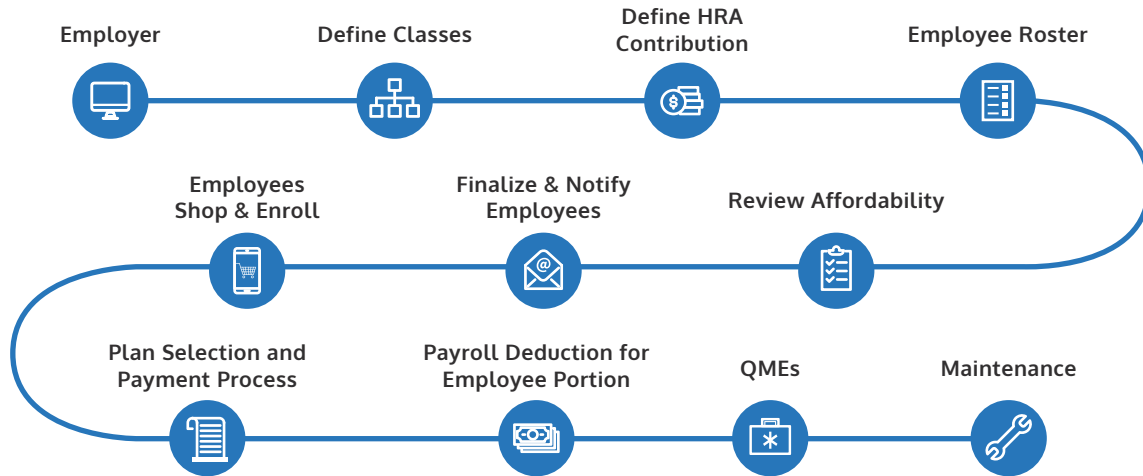
Employee Classes	
Full-time	Work at least 30 hours per week
Part-time	Work anything less than what is defined as full-time
Seasonal	Hired on short-term basis or for a particular season
Collective bargaining agreement (CBA)	Have a written agreement between employer, employee, and union
Waiting period	New hire — can be up to 90 days
Rating area	Broken up by geographic location
Non-resident	No US-Based income; including foreign employees who work abroad
Salaried	
Non-salaried	Hourly workers
Temporary employees of staffing firms	
Combination of two or more classes	

ICHRA is specifically tailored for employee classes without access to traditional group coverage. By supporting ICHRA enrollments, health plans can better support underinsured groups.

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How Is ICHRA Administered?

Employers handle ICHRA setup and compliance, while employees select their own coverage. Here's a sample ICHRA administration workflow:

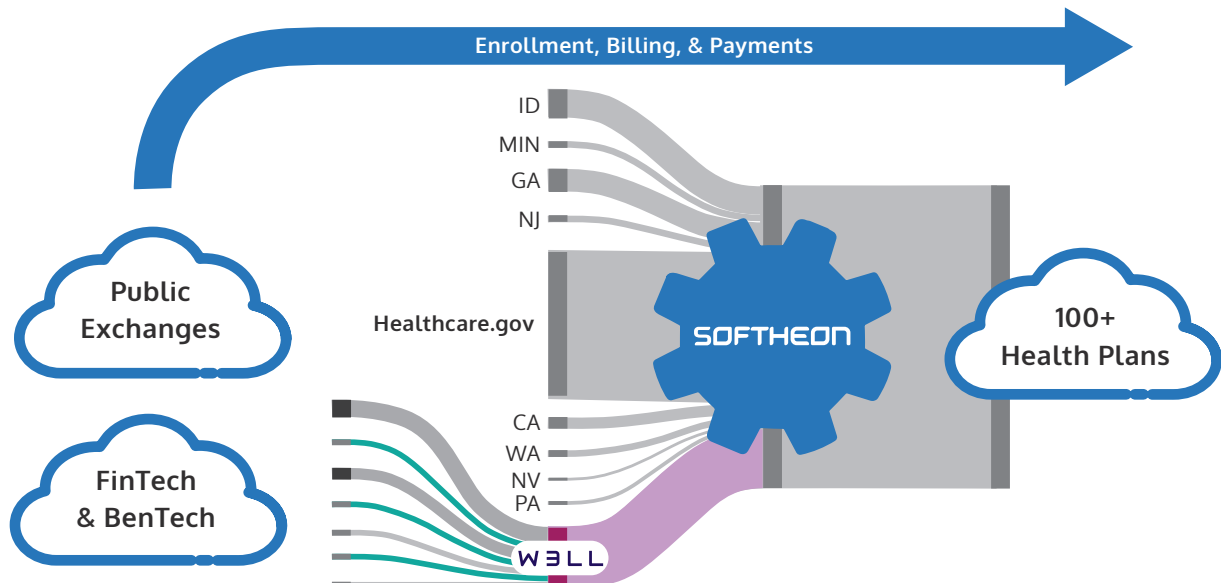


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How Can Health Plans Get Started?

To support ICHRA, health plans can:

- Build partnerships with brokers and benefit technology companies to support ICHRA enrollments
- Partner with Softheon to create a customized off-exchange shopping experience that combines group enrollment support with ACA offerings
- Enroll ICHRA-funded participants by partnering with Softheon and W3LL. Our EDI and API connections streamline operations with downstream vendors



Ready to explore how your health plan can adapt its offerings to support ICHRA? Whether you're an established ACA plan or new to the market, Softheon is your trusted advisor for ACA and ICHRA solutions.

Connect with our team of experts:

✉ Email info@softheon.com

🌐 LinkedIn linkedin.com/company/softheon

🌐 Website: softheon.com

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