

When offering an ICHRA for the first time employers will want to ensure they allow enough time to educate employees on the new benefit. Employers must follow Employee Retirement Income Security Act (ERISA) requirements and have compliant administration procedures. Employers must ensure employees know they cannot participate in the HRA and take Tax Credits and/or Cost Sharing Reduction. Employers have the flexibility to start offering an HRA at any time. The offer of the HRA creates a Special Enrollment Period for the Employees to shop for an ACA-compliant plan.

Benefits to the employer:

- More flexibility for the employer.
- Employers choose what is reimbursable under the HRA – health insurance premiums and approved medical expenses or insurance premiums only.
- The employer has the freedom to define the reimbursable amount.
- Cover more employees, e.g. part-time, seasonal, and remote workers in different geographies, by designating classes.
- The employer may design eligibility by different classes and offer different contributions amounts to different employee classes.
- The amount the employer reimburses is 100% deductible as a business expense.
- The employer does not have to spend time evaluating and choosing health insurance plans.
- ICHRAs have no limits on the number of employees. (QSEHRAs are only available to employers with 50 or fewer employees.)

Benefits to the employee:

- Quality: ICHRAs can only be used to purchase ACA-compliant health insurance with guaranteed essential benefits.
- Anti-discrimination: ICHRAs can only be used to purchase ACA-compliant health insurance with guaranteed protection against discrimination including pre-existing conditions.
- Control: The health insurance coverage is purchased by the employee.
- Savings: The employer reimbursement amount the employee receives is non-taxable.
- Personal choice: Employees can choose an individual insurance plan that best fits their needs.
- Portability: The health insurance plan is portable, meaning employees can take their coverage with them when they leave their employer.

