September 10, 2025

Individual Coverage Health Reimbursement Arrangements (ICHRA): The Benefit On the Rise

Before We Begin

We are recording today's webinar

Submit your questions at any time

Please complete the exit survey

Coast to Coast Administration

BASIC services over 20,000 employers nationwide.

Technology Driven HR Solutions to Take Your Company Further

Suite of HR Benefits, Payroll and Leave Management, and Compliance solutions offered individually or bundled.

Presenter

Matt Steffic

Matt is BASIC’s Vice President of Sales and has been with the organization for 20 years. With hands on experience from BASIC's FSA, COBRA, HRA, HSA and Payroll departments, Matt strives for a consultative sales approach that exceeds expectations from start to finish. Brokers and clients alike can trust his expertise to accurately assess their unique requirements and provide them with everything they need to know.

What is an ICHRA?

- Introduced in 2019
- New type of HRA
- Fulfill offer of coverage for Applicable Large Employer (ALE)

ICHRA Overview

- Employer size
- Employee eligibility
- Other eligibility
- Contribution limits
- Eligible expenses
- Notice requirements
- Compliance

Group Benefits vs. an ICHRA

Traditional Group Benefits

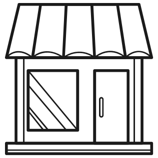
- Annual renewals are cumbersome
- Human resources have to be heavily involved in the administration and management of the employee benefits
- Employees have limited choices of coverage options
- Dependents have to receive the same benefits as the employee
- There are limited plan choices, often only one or two plans
- Participation requirements as high as 60%

ICHRA Benefits

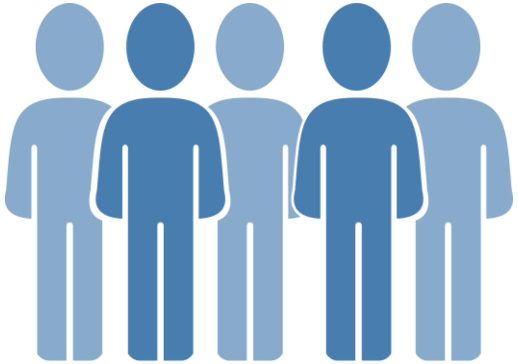
- Human resources no longer has to manage or administer benefits for employees
- Employees can find plans that are right for them, and their dependents
- Each employee can pick their own plan; it's no longer a one size fits a few health plan
- Depending on the county, employees can choose from many carriers, and 20+ plans
- No minimum participation requirements

Group Benefits vs. an ICHRA

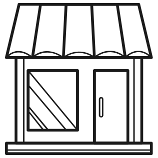
Traditional Carrier Model

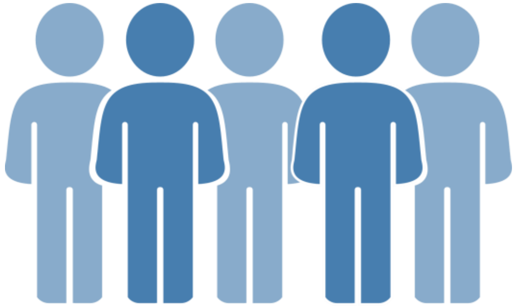


Single Carrier



ICHRA Model





Carrier #1 **Carrier #2** **Carrier #3**

Carrier #4 **Carrier #5**

Employer Class Design

Employer can choose to structure the eligibility and contribution criteria using 11 employee classes defined by the ICHRA regulations:

- Full-time employees
- Part-time employees
- Seasonal employees
- Salaried employees
- Non-salaried employees (such as hourly)
- Employees covered by a particular collective bargaining arrangement (different bargaining units can be separate classes)
- Employees who have not satisfied a waiting period
- Temporary employees of staffing firms
- Non-resident aliens with no US-based income
- Employees working in the same insurance rating area (geographic location, state or region)
- Any combination of two or more of the above

Class Rules

- Minimum Class Size Rule:
  Applies **only if** employer offers a traditional GHP to one class of employees and an ICHRA to another class based on:
  - Full-time vs. part-time status
  - Salaried vs. non-salaried status
  - Geographic location (if smaller than a state)
  - Combination of any class above with any other class (except waiting period class)
- Minimum Class Size is:
  - **10%** of total # employees

Contribution Strategies

Employers define the monthly amount they want to contribute to the ICHRA; it can be as little (provided it is affordable) or as much as they want. With an ICHRA there are no minimum or maximum contribution limits.

Contribution examples:

- **Defined Contribution** by giving all employees $$$ (flat amount) per month. May vary by class and status.
- **Define the Employer Contribution** by “benchmarking” by age band.
- **Define the Employer Contribution** by “benchmarking” to a tier-based plan.

ICHRA Reimbursement of Premiums

Can reimburse premiums for:

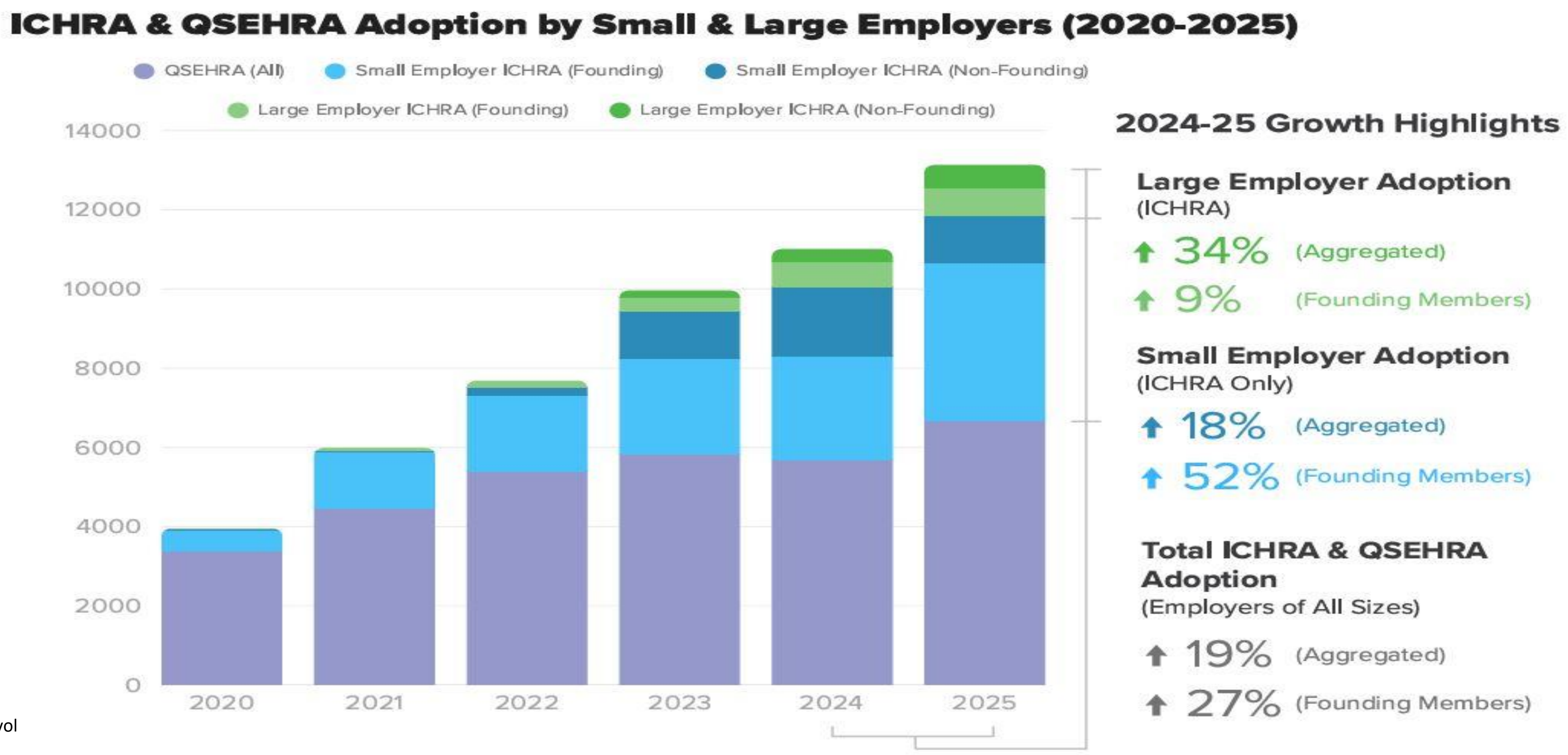
- Individual Market
- State or Federal Exchange
- Medicare and Medicare Supplement (regardless of size of employer)

Cannot reimburse premiums for:

- Spousal Group Coverage
- Fixed indemnity plans
- TRICARE

ICHRA Trends

ICHRA Adoption is Up



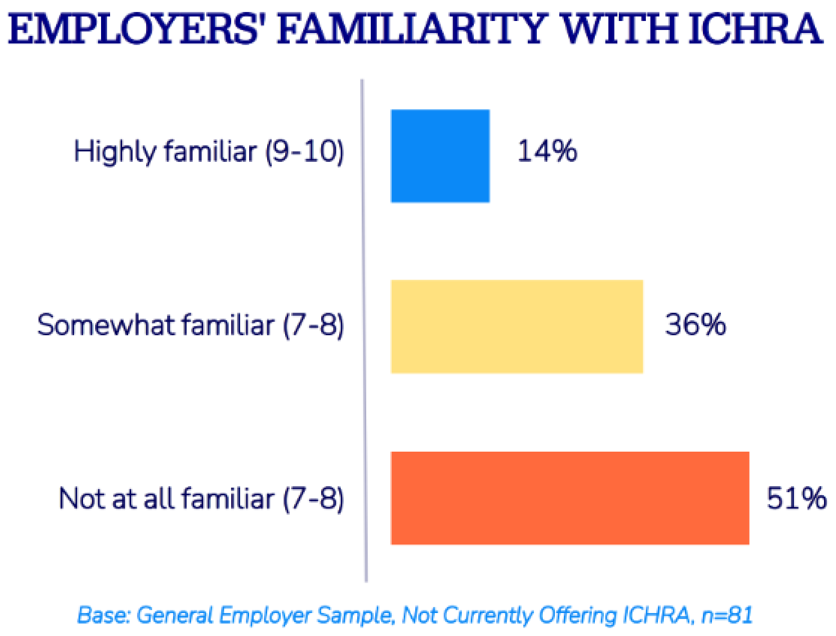
Source: HRA Council Growth Trends for ICHRA & QSEHRAs, vol 2024-2025

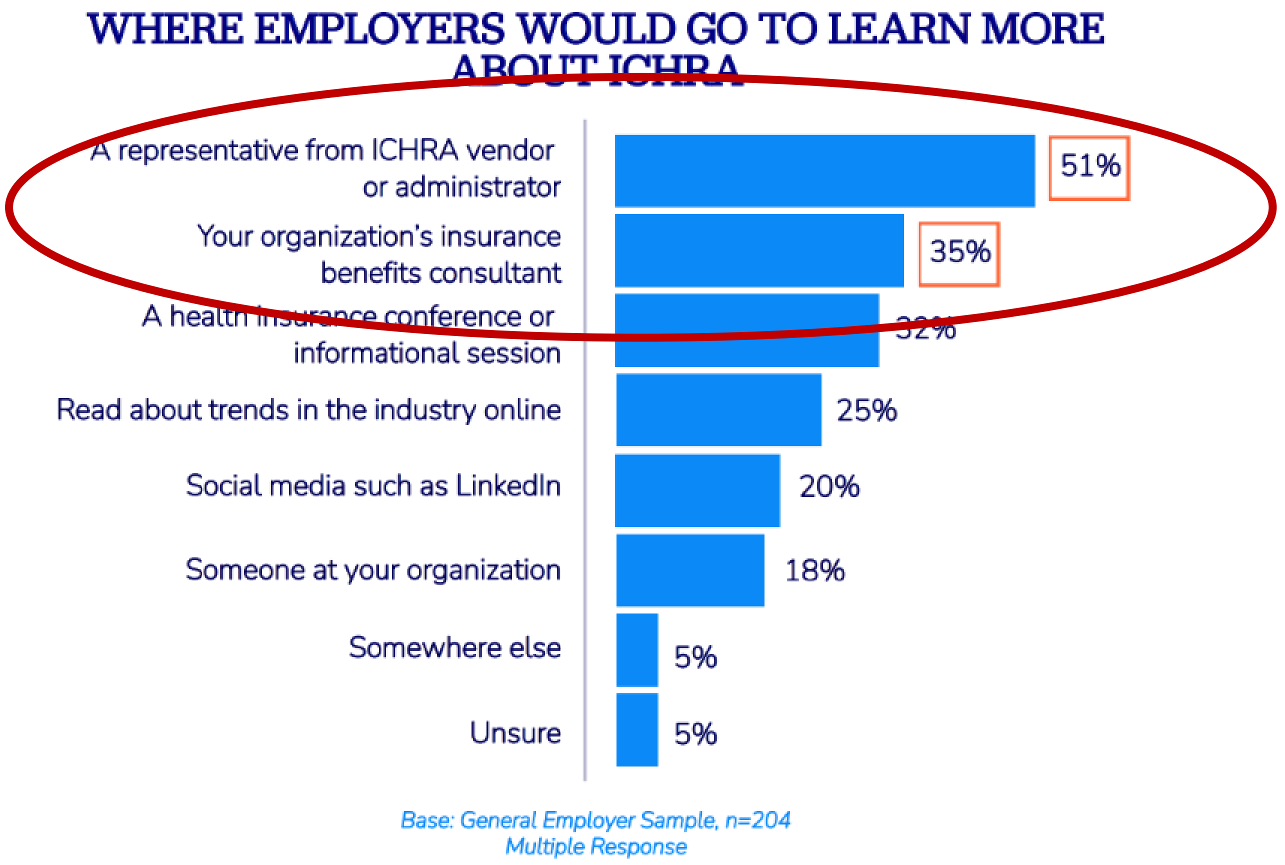
The US Treasury department expects that by the end of 2030, 800,000 employers will offer an ICHRA, and more than 15 million employees will have an ICHRA.

- Attributed to the Center for Medicare & Medicaid Services

Employer Perspective

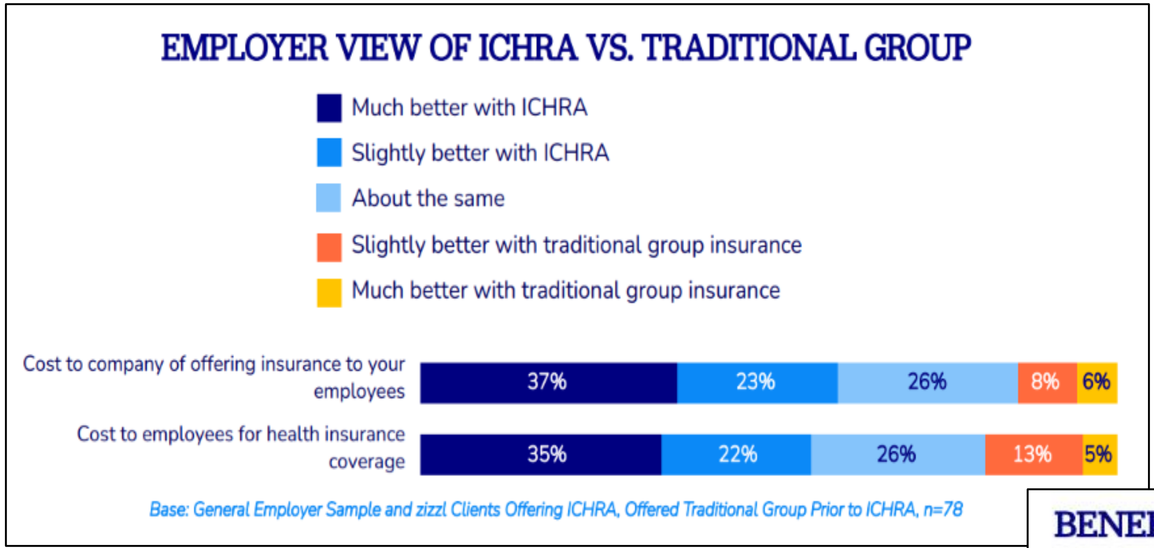
Employers are increasingly open to learning about ICHRA—especially when proactive education is provided.

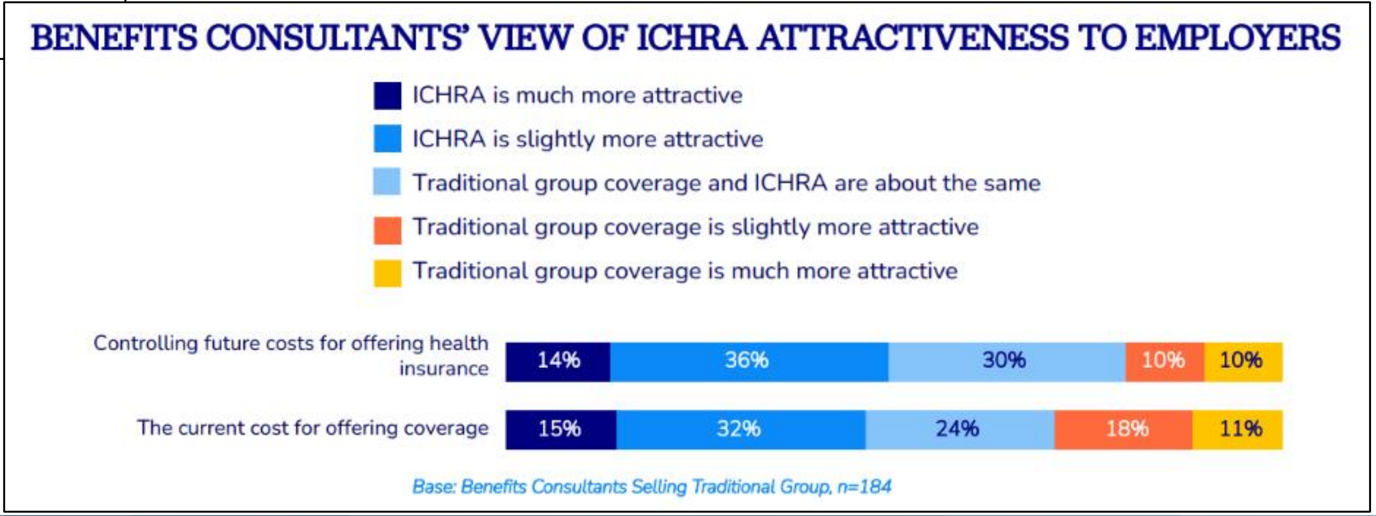




Source: 2025 Deft Research Study, 2025 ICHRA Report

Cost: A Priority for Employer & Brokers Alike



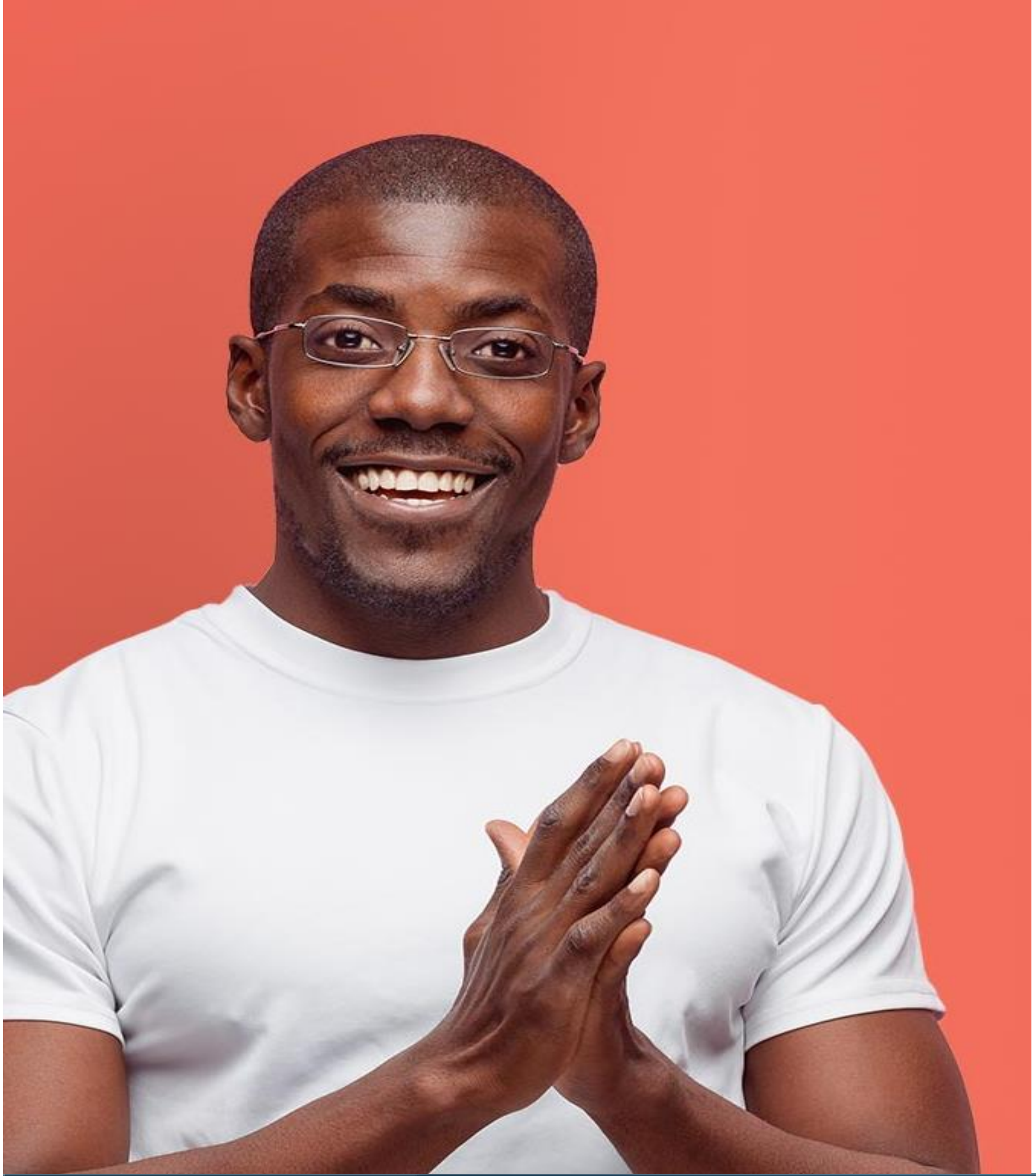


Source: 2025 Deft Research Study, 2025 ICHRA Report

Benefits & Challenges

Challenges Facing Employers Today

- Health care costs
- Recruiting and retention
- “One-size-fits-few” insurance
- ACA non-compliance
- ACA mandates for Applicable Large Employers (ALEs)

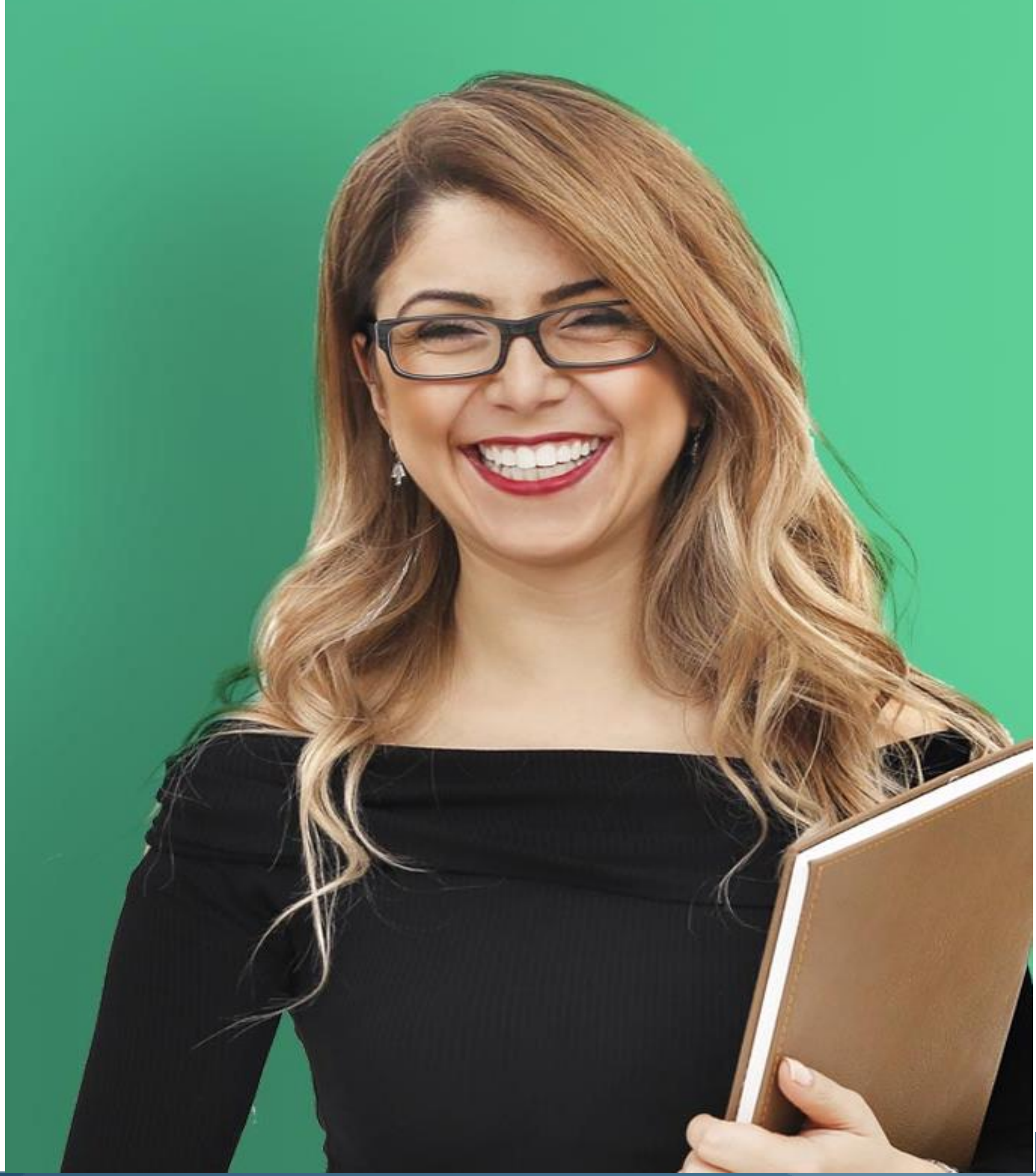


Employer Benefits

- Flexibility
- Attraction/Retention
- Controlled Costs & Risks
- ACA Compliance
- Tax Efficiency
- Administration Reduction

Employee Benefits

- Presents more plan options
- Provides tax advantages
- Provides plan portability
- Provides privacy
- Creates trust and sense of care



BASIC's Solution

ICHRA Administration

ICHRA Administration

☆ **ICHRA ACCOUNT includes:**
- ✓ DIRECT PAYMENT ICHRA
- ✓ REIMBURSEMENT ICHRA
- ✓ NON-EMPLOYER SPONSORED PREMIUM (NESP)

DIRECT PAYMENT ICHRA FEATURED ACCOUNTS

- **EMPLOYEE PREMIUM** (Pre or Post tax deduction)
- **PREMIUM PROTECTION**

OTHER FEATURES

- **EMPLOYEE NOTICES**
- **EMPLOYER AFFORDABILITY GUIDE**
- **5500** (if applicable)

ICHRA/NESP DOCUMENTS

ü ICHRA Plan Docs	ü NESP Plan Docs
ü ICHRA SPD	ü NESP SPD
ü ICHRA SBC	

CLIENT

ICHRA Monthly Consulting Fee (including Enrollment/Shopping)

☆ =Tax Advantaged may apply

ICHRA Consulting Fee

ICHRA Monthly Consulting

- Fee that the distributor designates to charge client
- Based upon total ICHRA enrolled employees
- Amount is paid directly to the distributor

Enrollment with Strategic Partners

- Licensed enrollers by state
- Assist with finding the right plan for employees
- Enrollment support
- Helps set up payments directly with the carrier

ICHRA Compliance Bundles

ICHRA Complete Compliance

ACA EMPLOYER REPORTING	HIPAA	COBRA	PCORI
MEDICARE SECONDARY PAYER (MSP) REPORTING	ICHRA PLAN DOCUMENT	ICHRA SUMMARY PLAN DESCRIPTION (SPD)	ICHRA SUMMARY OF BENEFITS & COVERAGES
NESP PLAN DOCUMENT	NESP SUMMARY PLAN DESCRIPTION (SPD)		

ICHRA Complete Compliance Plus

ACA EMPLOYER REPORTING	HIPAA	COBRA	PCORI
MEDICARE SECONDARY PAYER (MSP) REPORTING	ICHRA PLAN DOCUMENT	ICHRA SUMMARY PLAN DESCRIPTION (SPD)	ICHRA SUMMARY OF BENEFITS & COVERAGES
NESP PLAN DOCUMENT	NESP SUMMARY PLAN DESCRIPTION (SPD)	ERISA* (WRAP DOCUMENT)	

*ERISA includes the Wrap document and applicable 5500 for any group sponsored benefit plans (i.e. dental, vision, life, etc.).

Before Q&A

Receive an email tomorrow with the slides & recording

Please complete the exit survey

QUESTIONS

BASIC®

HR Compliance & Technology

Request a Proposal

For you or your client at this link:
https://www.basiconline.com/request-a-proposal/

BASIC Sales
888-602-2742

THANK YOU

View our current webinar schedule at
www.basiconline.com/webinar.

BASIC®

Disclaimer

This presentation is designed to provide accurate information in regard to the subject matter covered. It is provided with the understanding that BASIC is not engaged in rendering legal or other professional services. If legal advice or other expert assistance is required, the services of a competent attorney or other professional person should be sought. Due to the numerous factual issues which arise in any human resource or employment question, each specific matter should be discussed with your attorney.