

Q: Who handles the administrative work for the ICHRA? Is it a Third Party Administrator? Also, who prepares any needed Employee Retirement Income Security Act documents?

A: The TPAs work with the employer to set up the ICHRA and handle all ongoing administrative duties. ERISA documents are necessary for the Health Reimbursement Arrangement. TPAs can prepare those documents.

Q: Are employers required to use a TPA?

A: Employers are not required to use a TPA, but TPAs can handle the administrative process associated with an ICHRA.

Q: Individual Family Plans premiums and out-of-pocket maximums can be higher than group offerings. What makes ICHRA attractive to employees?

A: This can be the case, but ICHRA may be more attractive in states or areas where Individual Family Plan premiums are more aligned with group rates. New Mexico is a good example, but we are getting ICHRA enrollments daily from all five plan states.

Q: Can an employer offer ICHRA and also reimburse eligible medical expenses in an HRA?

A: ICHRA is an HRA, and an employer cannot offer an ICHRA alongside a QSEHRA or EBHRA. However, if the question is, "Can an employee have an ICHRA and a Health Savings Account?" then under specific circumstances, yes. The employee would need to be enrolled in a high deductible health plan to have an HSA. If they participate in an HRA, the employee is no longer eligible to contribute to an HSA.

Q: Are employees still eligible for premium tax credits when using an ICHRA?

A: Employees cannot have both the premium tax credit and the ICHRA. They can waive the premium tax credits and participate in the ICHRA. Or they can opt out of the ICHRA if the HRA amount is considered unaffordable and use the premium tax credits.

Q: How is ICHRA different than a defined contribution plan?

A: An ICHRA is a defined contribution plan, but it is an employer sponsored defined contribution health plan.

Q: Aren't all defined contribution plans employer sponsored?

A: It would be a defined contribution for health plan expenses, where it would be used for premium payments and medical expenses.

Q: Can a small employer set up ICHRA without going to a TPA?

A: Yes, but the employer would have to administer this themselves, which can be confusing and time consuming. This is where a TPA can step in and help, if it is something the employer is willing to do.

Q: ICHRA is all employer sponsored, correct? Can an individual not do this on their own?

A: Correct, an individual cannot do this on their own.

Q: Is there a certification needed for ICHRA?

A: No, there is no certification needed.

Q: Does the employer contribution need to be compliant with the Applicable Large Employer contribution rules?

A: Contribution can be whatever amount the employer wants to offer. ALE contribution rules are replaced with the Employer Mandated Penalty if an ALE opts for ICHRA instead of traditional group coverage.

Q: If the objective is to offer comparable or better benefits and lower premiums than group plans to the under 65 market, how does that work when individual health plans in Illinois typically have lower benefits and higher premiums than group plans?

A: There isn't one overall objective for ICHRA other than giving employers additional employee offering options. The reasons for moving from traditional group to ICHRA, or from no coverage offered to ICHRA, will vary by employer.

Q: Is ICHRA considered group coverage?

A: ICHRA is a group health plan that allows organizations of all sizes to reimburse their employees, tax-free, for their own individual health insurance premiums and potentially other qualifying medical expenses.



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ICHRA FAQs

Q: Can an employer offer, group coverage and ICHRA at the same time?

A: Employers cannot offer an ICHRA and a traditional group health plan to the same employee class; however, they can offer an ICHRA to one employee class and a group health plan to another employee class. An employer may limit its offer of an ICHRA to a permitted class of employees but must offer it to everybody in that class and may not offer coverage under the employer's group health plan to any person in that class.

Q: Can an employer contribute different amounts for different employee classes?

A: Yes, employers can contribute different amounts toward different employees' health care costs. An employer can tailor their budget to meet the needs because there's no annual maximum contribution limit with an ICHRA.

Q: Is there a "targeted" market for brokers to look for?

A: Any employer is a "target" market. The market itself will determine ICHRA's appeal.

Q: How does an HRA and HSA work together? Can an employer contribute to both an HRA and an HSA?

A: An employee can have an HRA and HSA simultaneously under specific circumstances. If the employee participates in an HRA, the employee is no longer eligible to contribute to an HSA. HRA funds can be used to reimburse health insurance premiums and medical expenses, whereas HSA funds cannot be used for insurance premiums. HSA participants must have a High Deductible Health Plan to have an HSA.

It is important to remember that if an employee has any coverage in addition to the HDHP that provides first dollar coverage for medical care, the employee is disqualified from opening or contributing to an HSA. That includes employer contributions. Reasons for disqualification include coverage under a spouse's group health plan that is not considered high deductible, a spouse's FSA (flexible spending account), Medicare, or HRAs that reimburse for medical expenses in addition to premiums.

HRAs are funded entirely by the employer and are owned by the employer, so if an employee leaves the company, the funds stay with the employer.

HSAs are owned by the employee. If the employee leaves the company, they can take the funds with them.

Have ICHRA questions or need support?

For more information contact BCBS_ICHRA@bcbsil.com.