



# **Individual Coverage Health Reimbursement Arrangement (ICHRA) FAQ**

Updated August 2024



# Frequently Asked Questions About ICHRA

## **Q: What is ICHRA?**

A: An Individual Coverage Health Reimbursement Arrangement, or ICHRA, is a relatively new model for employer-sponsored health insurance. An ICHRA allows employers to provide tax-free reimbursement to employees for health insurance and qualified medical expenses. Employees shop for an individual plan on the Exchange that meets their needs and receive a defined contribution from their employer to offset some or all of their premium. ICHRA allows price sensitive employer groups to shift health coverage from the Group to Individual market without losing the tax benefit long tied to Group health coverage. It is important to note that in order to receive ICHRA, eligible employees will have to decline any federal or state subsidies they would have qualified for otherwise. As a broker, you can help the employee (consumer) determine which of these sources is most beneficial for their situation.

## **Q: What is the difference between ICHRA and QSEHRA?**

A: A Qualified Small Employer Health Reimbursement Arrangement (QSEHRA) works similarly to ICHRA, but the main difference between the two is that QSEHRA can only be used by small businesses (50 employees or less), whereas ICHRA can be used by companies of any size. There are also some other differences, such as limits on how much a company can contribute and eligible employees. For more information about QSEHRA, please visit [healthcare.gov/small-businesses/learn-more/qsehra](https://healthcare.gov/small-businesses/learn-more/qsehra)

## **Initiating ICHRA**

### **Q: Who can assist brokers with better understanding ICHRA and how it works?**

A: Although working with an ICHRA third-party administrator (TPA) is not required, they can provide valuable assistance. TPAs bring expertise in regulatory compliance, administrative efficiency, and financial oversight to facilitate effective ICHRA management. For example, an ICHRA administrator can help employers get an ICHRA set up, as well as provide support to brokers when needed. When deciding which TPA to partner with, it's important to have a clear sense of your needs, because not all TPAs provide the same services – some administrators work exclusively with either employers or brokers, whereas others are able to work with both. TPA services can include:

- Ensuring employees meet the criteria for ICHRA participation



- Assisting in structuring the ICHRA in compliance with regulatory frameworks, including contribution limits and employee classifications
- Staying abreast of federal and state regulations to ensure ICHRA remains compliant
- Providing employees with information about benefits and procedures
- Managing the entire enrollment procedure, including annual re-enrollment, if needed

### Q: How can I help set up payments for members receiving ICHRA?

A: When completing an enrollment application on HealthSherpa (Quote & Enroll tool on Jarvis), select “eligible for other coverage.”

HealthSherpa Dashboard

Español Save Lead

Close Send to client Print Cart

**Your details**

Zip code: 84010

Household members: 1

Household income: \$ 40000

Who is applying for coverage?

☒ Age
 ☐ DOB
 Sex: ☐ M ☒ F

29

☐ Tobacco user  
☐ Parent of child under 19  
☐ Pregnant  
☒ Eligible for other coverage

Delete Close

Add spouse applicant

Add dependent applicant

**Eligibility**

Once health coverage has been selected, HealthSherpa will ask if any of the covered individuals qualify for Health Reimbursement Arrangements (HRAs). After selecting the covered individual(s), you will be asked to provide details about the ICHRA.



Have any of these people been offered an individual coverage HRA they haven't yet accepted through their job, or through the job of another person, like a spouse or parent? ⓘ

Only select a person's name if the person will be able to use their individual coverage HRA through 5/30/2022, or by January 1st if applying during Open Enrollment.

☒ Test Testerson

On 5/30/2022, will Test Testerson be able to use this HRA?

☒ Yes ☐ No

Which employer offered Test Testerson an individual coverage HRA?

☒ employer

[+ Add another employer not listed here](#)

**Tell us about the ICHRA offered by employer** ⓘ

Start date End date

MM/DD/YYYY  MM/DD/YYYY

What's the maximum self-only amount of reimbursement offered by employer? ⓘ

\$

How often will Test Testerson get this amount?

Select

**Tell us how to contact employer** ⓘ

**Q: Can the premium payment be billed separately between the employer and subscriber (employee)?**

A: No, all invoices will be sent to the subscriber. However, if the employer has agreed to pay for the entire premium owed, they can still pay directly from an account of their choosing (preferably through autopay) or have the subscriber pay up front and submit for reimbursement. If there is a cost-share between the employer and subscriber, the payment still comes from a single source (either the subscriber or employer). If the subscriber pays the premium, they can submit to their employer for reimbursement of the employer's contribution. If the employer pays via autopay, they can deduct the employee's contribution from their paycheck.



**Q: How can I set up autopay to deduct ICHRA payments from an employer's account?**

A: If the employer has agreed to pay the premium and wishes to pay directly, it is strongly recommended that the employer's preferred account is set up for autopay at the time of enrollment, using the "early pay" option.

For ICHRA/QSEHRA employer payments, a broker\* (or an authorized TPA) can make binder and/or monthly premium payments and set up/manage autopay by calling the state-specific member toll-free numbers provided on the "Contact Us" page in Jarvis. This phone number can also be found on the back of the member's ID card and on monthly invoices. Brokers calling in have the option to utilize an automated interactive voice response (press 2 to make payment) or to be assisted by a Member Service Advocate.

\*If the broker does not have the member on the line with them, broker authentication and member information must be provided in order to meet HIPAA requirements. The broker must be the agent of record for the member in question.

## **Discontinuing ICHRA**

**It is the subscriber's responsibility to initiate termination of their current healthcare plan, as they are the responsible party.** Brokers should support the subscriber by guiding them through the termination process, and can assist them in finding more appropriate coverage.

**Q: If a subscriber loses coverage due to a change in employment, what steps need to be taken?**

A: If there is a change in employment status that causes the ICHRA to be discontinued, the subscriber can terminate coverage or elect to pay the full premium to retain coverage. However, if the subscriber loses coverage for this reason, they will qualify for a Special Enrollment Period (SEP), which allows them to select new coverage.

**Q: If a subscriber loses coverage due to being unable to pay their portion of the premium, what steps need to be taken?**

A: If the subscriber is unable to pay the monthly premium, coverage will be terminated. The employer (ICHRA sponsor) must be notified by the subscriber if/when coverage has been cancelled or terminated. If the subscriber incurs substantiated expenses prior to losing coverage, they may still be eligible for reimbursement for those costs.



**Q: How can brokers help an employer terminate autopay on the ICHRA payment for an employee who is no longer employed by the company?**

A: If the subscriber is no longer employed by the company providing ICHRA benefits, the subscriber will still be enrolled in their health plan and will continue to receive invoices for their monthly premium. **If the employer had an account set up for autopay, the payment will continue to go through until autopay has been cancelled.**

To remove an employer's account from autopay after ICHRA benefits have been terminated, brokers\* (or an authorized third-party ICHRA administrator) can contact Member Services. Member Services can be reached via the state-specific member toll-free numbers provided on the "Contact Us" page in Jarvis. This phone number can also be found on the back of the member's ID card.

\*If the broker does not have the member on the line with them, broker authentication and member information must be provided in order to meet HIPAA requirements. The broker must be the agent of record for the member in question.

