

Individual Coverage HRA (ICHRA)

Help employees pay for health insurance premiums and medical expenses

How it Works

An Individual Coverage HRA (ICHRA) allows employers to reimburse their employees for insurance rather than buying it for them. Employees purchase their own plan through the individual market and get reimbursed for their premiums tax-free from the ICHRA.

Advantages for Employers

- Flexible plan design options with no maximum reimbursement limits
- More predictability around monthly costs vs. a group health plan
- No renewals, annual premium networks, or administrative burdens to worry about
- User-friendly online portal and mobile app makes it easy for employees to request reimbursement

Reimbursable Expenses

An ICHRA can be set up to reimburse the following:

- Premiums Only
 - Insurance Premiums OR Medicare Part A, B, or C.
 - Can be combined with a health savings account or limited purpose flexible spending account
- Premiums and Qualified 213(d) Expenses
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Employee Classes

Employers can designate employee classes and reimburse different amounts to those classes in a fair manner. Possible employee classes include:

- Full time and part time
- Salary and hourly
- Seasonal
- Employees in different locations, based on rating areas
- Foreign employees who work abroad
- And more