

Individual Coverage Health Reimbursement Arrangement (ICHRA) Frequently Asked Questions (FAQs)



What is an ICHRA?

ICHRA stands for **Individual Coverage Health Reimbursement Arrangement**.

An **ICHRA** is a new way for employers to offer health benefits. Instead of joining a group plan, employees pick their own health insurance and get reimbursed by their employer.

What are the benefits of an ICHRA?

How does it compare to traditional group insurance?

- Employers set a monthly amount to help pay for health care, so costs stay steady and easy to plan.
- Employees can pick from many health plans that fit their needs.
- ICHRA's make it easier for more employers, especially small ones, to offer health benefits.

How does an ICHRA work?

- Employers choose a platform to manage the plan
 - The platform helps with sign-ups, tracks costs and supports employees.
- Employers set a monthly amount
 - This money is tax-free and helps employees pay for health insurance and other medical costs.
- Employees pick their own health plan
 - They can shop on the marketplace or go straight to a health insurance company.
- Employees get reimbursed
 - They send proof of qualified costs and get tax-free money back, up to the set amount decided by the employer.

Can I use ICHRA money for more than just premiums?

Yes. If your employer allows it, you can get reimbursed for things like copays, deductibles, prescriptions and other qualified medical costs after your premium is paid.

Does ICHRA give employees more control over their health coverage?

Yes. You pick the plan that works best for you based on coverage, network and cost — while still benefiting from employer support and education.

How is an ICHRA different from a traditional HRA?

ICHRA helps employees get money back for paying their own health insurance, which traditional HRAs do not.

Traditional HRAs have to be used with a company health plan, but ICHRAs are made to work with health plans people buy on their own.

Are ICHRA plans qualified health plans?

Yes. Employees use ICHRA funds to buy individual health plans that meet the ACA requirements.

Can employees have both an ICHRA and an HSA?

Yes — if the ICHRA is used for premium-only reimbursement and the employee chooses an HSA-compatible high-deductible health plan (HDHP).

What happens if employees don't use their full allowance?

ICHRA gives money back for health costs, but it's not a savings account. If you don't use all the money, it stays with your employer. Still, your employer can choose to let you use the leftover money next year.

How easy is the reimbursement process for employees?

It's simple. A special system keeps track of what health costs can be paid back. It tells your job how much to pay you, and the money usually comes in your paycheck to make things easy.

How much can employers contribute to an ICHRA?

There's no rule for how little or how much money can be given. Employers can give different amounts based on the kind of job — like full-time, part-time, or remote.

Can ICHRAs be offered to employees on Medicare?

Yes. If you have Medicare part a and b or part c, you can use an ICHRA. ICHRA's can help pay for Medicare premiums and extra plans like Medigap for eligible employees and their dependents.

Can remote employees in other states be included in an ICHRA?

Yes. ICHRA's work well for teams in different places. Employers can set up different plans based on where employees live and offer different reimbursement amounts or plan types depending on the area.

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