

# How does an Individual Coverage Health Reimbursement Arrangement (ICHRA) work?

An ICHRA plan is based on reimbursing employees for insurance rather than buying it for them. The way ICHRA works is very simple:



1. With the help of their broker, employers will select an ICHRA Administrator to get an initial quote.



2. Employers design their contribution plan, including defining which employees are eligible and what class they are in - and establishing reimbursement limits. ICHRA classes are as follows:
  - Full-time employees
  - Part-time employees
  - Seasonal employees
  - Employees covered under a collective bargaining agreement
  - Employees in a waiting period
  - Foreign employees who work abroad
  - Employees working in the same geographic location (same insurance rating area, state, or multi-state region)
  - Salaried workers
  - Non-Salaried workers (such as hourly workers)
  - Temporary employees of staffing firms
  - A combination of two or more of the above



3. Using the ICHRA Administrator, employers share the required notices and open the shopping experience to employees. Employees purchase the individual plans they want and enroll in a plan.



4. The employer sets up a payment arrangement through the ICHRA administrator. A monthly payment is generally collected from the employer and paid to the insurance carrier for each individual policy. Payments can be set up via ACH or employee specific arrangements may be set up (ie. individual credit or debit cards issued to pay premiums).

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