

Individual-Coverage Health Reimbursement Arrangements (ICHRA)

Benefits advisors and employers should understand that moving to nongroup medical coverage results in the unbundling of many services that are either unnecessary or provided by insurers in the employer-sponsored coverage model. Benefit Strategies fills in a few of these gaps, but responsibility for the other services – including setting the value of the employer contribution to premium, educating employees about how to shop for coverage, following up with employees who haven't purchased coverage, and collecting information on employees' premiums and sources of coverage – are outside the scope of services that Benefit Strategies offers.

Below are answers to frequently asked questions from benefits advisors and employers.

What steps in the overall ICHRA non-group medical model does Benefit Strategies handle?

Some employers choose to administer the ICHRA on their own and only need us to provide plan documents. We provide an electronic Section 105 plan document and Summary Plan Description (SPD). We also provide to the employer an electronic required ICHRA notice to employees, which the employer needs to distribute to employees¹.

For our full ICHRA administration we also do the following:

- Set up the ICHRA plan in our administration platform.
- Provide an employer portal for employers to enroll employees, manage their ongoing eligibility (changes and terminations) and import contribution files.
- Process reimbursement requests we receive from enrolled employees. Requests are made via our online employee portal, our mobile app or paper claim form.
- Pay reimbursements (including debit card transactions) to employees from a Benefit Strategies bank account and invoice clients weekly for claims we paid the prior week.
- Provide customer service access to employees to answer their questions about their reimbursement account.
- Provide a dedicated account manager to assist the employer with questions about their ICHRA administration with Benefit Strategies

Does Benefit Strategies perform the required affordability calculation?

No. This is outside of the scope of our service. Applicable large employers need to consult with a benefits broker or other resource to determine whether the offer to each employee meets the federal definition of affordable coverage.

Does Benefit Strategies help employers determine appropriate age bands and funding levels based on age and contract size?

No. This is outside of the scope of our service. Employers need to consult with a benefits broker or other resource to determine the optimal funding levels.

¹ For our Documents Only service, the notice is not prepared and sent to the employer until the annual service fee has been paid. If the payment won't be made until after the effective date, employers need to provide the notice as it is required to be distributed to employees prior to the ICHRA effective date.

Does Benefit Strategies help employees shop for appropriate coverage?

No. We are not licensed insurance brokers. Our role is limited to the reimbursement plan.

Does Benefit Strategies evaluate plans chosen by employees to ensure they meet Minimum Essential Coverage (MEC)?

No. Employers are responsible for verifying this and only enrolling employees in the ICHRA who have coverage that meets MEC.

Does Benefit Strategies provide the employee attestation regarding enrollment in an ICHRA eligible medical plan?

Employees' Account Statements, that are posted each month to their online portal (also viewable in the mobile app), contains the following wording:

This statement serves as the monthly attestation regarding enrollment in the Individual Coverage Health Reimbursement Arrangement (ICHRA). If you are enrolled in the ICHRA, and by continuing enrollment in the ICHRA, you are attesting that you are enrolled in an eligible individual health coverage plan. If you are no longer enrolled in an eligible individual health coverage plan, you are responsible for notifying your employer in order to cancel your enrollment in the ICHRA.

Fees and Broker Compensation

What are the fees for the Benefit Strategies ICHRA administration?

Please refer to our ICHRA Administration Proposal and our ICHRA Document Only Service Proposal located on this page.

Are the fees negotiable or can any of the fees or monthly minimum be waived?

No. However, for a client that will have 100 or more employees enrolled in the ICHRA, please email sales@benstrat.com and ask for additional pricing information.

Does Benefit Strategies pay broker commissions on ICHRAs?

No. Commissions can't be added to our fees.

Do insurers or other distributors pay commissions to brokers for selling nongroup plans?

Check with the insurer or distributor for information on commissions.

Timing

When should the ICHRA administration begin?

Employers should consider having the ICHRA administration begin the month prior to the month in which the employees' first medical plan premiums are due, as most medical plans require premium to be paid in advance. For example, if an employer is moving to the ICHRA model on January 1, the employer should consider starting the administration with a December 1 effective date. By doing this, during the month of December, employees are enrolled in the ICHRA, the employer can send contribution information to us, and the employee can request payment from their ICHRA in December to pay their premiums by January 1. Our administration fees begin on the effective date of the ICHRA administration.

How far in advance must an employer make the decision to implement an ICHRA?

Because there is a lot to consider when moving forward with the ICHRA model, you should begin the decision making process very early. Employees should be given as much notice as possible, preferably at least 60 days before the change to the ICHRA model.

Benefit Strategies should be notified that the employer wants to begin the ICHRA implementation at least 45 days prior to the desired ICHRA effective date. For effective dates of December 1 or January 1, we need at least 60 days notice in order to guarantee the plan will be in place for the effective date.

Plan Design

What ICHRA plan design options does Benefit Strategies offer?

We offer a plan design that reimburses medical plan premium only and a design that reimburses medical plan premium and Section 213d medical expenses (these are the same expenses covered under an FSA.) Clients choosing the plan design that reimburses premium and Section 213d expenses should let employees know that this design makes them ineligible to open or make contributions to an HSA should they choose to enroll in an HSA-qualified medical plan.

Can Benefit Strategies provide employees with a debit card to pay their monthly premiums directly to their insurer?

Yes. We can code the card for premium payments but please note it will only work if the insurer accepts VISA and has registered with a Merchant Category Code of insurer with VISA. If the card can't be used, employees can always submit for reimbursement via their Benefit Strategies online portal, mobile app or using our paper ICHRA claim form.

Do payments from the ICHRA for premium get paid to the carrier or to the employee?

We will only reimburse the employee, via paper check to their home address on file or via direct deposit to the employee's designated bank account. The employee needs to use the funds to pay their premium directly, or they can keep them if they have already paid their premium with personal funds.

Will Benefit Strategies consolidate employees' premiums and pay an insurer or other distributor directly on behalf of a group of employees?

No. Our model reimburses employees, who are responsible for paying their premiums directly. If a client opts for the debit card option, employees may be able to use the debit card to directly pay the carrier. See answer above on debit cards for more information.

Contributions and Claims Funding

Do employers send contribution funds to Benefit Strategies?

Employers need to post contribution amounts through the employer portal, but they don't send us any funds up front.

We pay the reimbursements from a Benefit Strategies bank account up front. This includes debit card transactions if the employer has a plan design with a debit card. We invoice employers weekly for the amount we paid the prior week. Employers can pay the funding invoices via EFT, ACH or paper check. Funds are due within two business days of the receipt of the invoice.

Because we are paying funds in advance, a Maintenance Deposit is required. The calculation for the Maintenance Deposit is:

- If ICHRA is currently in place:
We will ask for claims utilization. The Maintenance Deposit will be two weeks of expected claims based on the actual utilization that has been experienced.
Example: Total utilization has been \$40,000 over 26 weeks. Calculation is:
 $(\$40,000/26) \times 2 = \$3,076$.
- If the ICHRA is not in place:
We will ask for a report that captures total of one month of premium for all participants. The Maintenance Deposit invoice will be based on 50% of that total.
Example: Total of one month's premium for all participants is \$20,000. Calculation is:
 $\$20,000/2 = \$10,000$.
Once we have received 12 weeks of claims, we will re-evaluate the Maintenance Deposit and adjust it accordingly.
- **Note:** Maintenance Deposit calculation is subject to change depending on plan design.

How do employers post contribution amounts?

Employers need to import a contribution file through our employer portal at least monthly. We have a contribution template for this and we provide instructions on how to do this simple import. Clients can also authorize us to give employer access to a broker to do this function for them.

Does the employer include both employer contributions and any employee contribution they are payroll deducting?

They provide both, but please note our system will show the total amount as employer contribution, regardless of the actual breakdown between employer and employee.

Does Benefit Strategies need to know whether the employee contributions are pre-tax (bought from a private insurer or other distributor) or post-tax (purchased through a public marketplace, or exchange)?

No. Employers who offer a Cafeteria Plan to allow employees to make pre-tax payroll contributions for premiums through a private insurer or distributor must track this information through their payroll system.

Employee Education and Support

What role does Benefit Strategies play in employee education?

We provide employers with the employee-facing ICHRA FAQ handout electronically and this should be distributed to ICHRA enrolled employees. Please see the sample ICHRA FAQ on this page. The FAQ is also posted in the employee portal.

Our Customer Service team can answer employee questions regarding how to obtain funds from their ICHRA and how to manage their plan through their Benefit Strategies employee portal and our mobile app.

Will Benefit Strategies participate in ICHRA Open Enrollment activities?

No, participation in Open Enrollment activities is not part of our ICHRA service.

Does Benefit Strategies help employees to shop for medical plan coverage?

No. We only provide information on medical plan coverage as required in the Notice to employees. Otherwise, no one, not the employer, broker, insurer, or ICHRA administrator, can steer employees to a particular source of coverage, such as a certain insurer or distributor.

Does Benefit Strategies help employees resolve premium payment issues with insurers?

No. We reimburse employees directly and they are responsible for making premium payments and resolving any premium payment issues.

Premium Substantiation

What do employees need to submit for premium substantiation?

Each time an employee requests funds from their ICHRA for premium, the need to provide a payment due premium invoice, or proof of payment, showing the name of the insured, the premium coverage month and year, and the premium amount.

Reporting

What reports are available for employers?

We will set up the most frequently accessed ICHRA reports to post monthly in the employer portal. Employers can also pull these, and many other reports, on-demand within the employer. The three reports we set up are the Enrollment report, the Account Balance Report and the Payroll Deduction report (if applicable.)